



**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT**

**For the Years Ended  
December 31, 2023 and 2022**

**MARIAN HOMES, INC.**  
**FINANCIAL STATEMENTS**  
**December 31, 2023 and 2022**  
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## **INDEPENDENT AUDITORS' REPORT**

**To the Board of Directors  
Marian Homes, Inc.  
Fairfax, Virginia**

### **Opinion**

We have audited the accompanying financial statements of Marian Homes, Inc., a nonprofit organization, which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marian Homes, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Marian Homes, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Marian Homes, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Marian Homes, Inc. internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Marian Homes, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*DeLeon & Stang*

**DeLeon & Stang, CPAs and Advisors**  
**Frederick, Maryland**  
**May 16, 2024**



**MARIAN HOMES, INC.**  
**Statements of Financial Position**  
**December 31, 2023 and 2022**

	<b>ASSETS</b>	
	<u><b>2023</b></u>	<u><b>2022</b></u>
<b><u>Assets:</u></b>		
Cash and cash equivalents	\$ 376,780	\$ 243,979
Investments, at fair value	327,991	303,566
Prepays and other asset	19,371	-
Property and equipment, at cost, net of accumulated depreciation	3,003,441	3,094,502
Land	<u>1,550,442</u>	<u>1,550,442</u>
<b>Total assets</b>	<u><u>\$ 5,279,548</u></u>	<u><u>\$ 5,192,489</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b><u>Liabilities:</u></b>		
Accounts payable	\$ 39,944	\$ 14,266
Notes payable, net of note discounts	<u>1,690,814</u>	<u>1,693,659</u>
<b>Total liabilities</b>	1,730,758	1,707,925
<b>Net assets without donor restrictions</b>	<u>3,548,790</u>	<u>3,484,564</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 5,279,548</u></u>	<u><u>\$ 5,192,489</u></u>

**MARIAN HOMES, INC.**  
**Statements of Activities**  
**For the years ended December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>Without donor restrictions:</b>		
<u>Revenue and Support:</u>		
Contributions	\$ 111,718	\$ 79,429
Rental income	251,650	243,779
Fundraising events and other	43,914	23,672
Investment (loss) income, net	24,092	(49,668)
Lawncare revenue	13,211	10,150
Total revenue and support	444,585	307,362
<u>Expenses:</u>		
Program services	313,001	266,663
Supporting services	67,358	42,157
Total expenses	380,359	308,820
<b>Change in net assets</b>	64,226	(1,458)
<b>Net assets, beginning of year</b>	3,484,564	3,486,022
<b>Net assets, end of year</b>	\$ 3,548,790	\$ 3,484,564

**MARIAN HOMES, INC.**  
**Statements of Functional Expenses**  
**For the years ended December 31, 2023 and 2022**

	2023								2022			Total	
	Program Services								Supporting Services				
	Marian House	Regina House	Queen of Peace House	Queen of Hope	Mother of Mercy	Our Lady of Light	Mother of Good Counsel	Our Lady of Angel	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
Depreciation	\$ 8,848	\$ 10,030	\$ 12,819	\$ 13,675	\$ 14,126	\$ 12,659	\$ 12,575	\$ 11,793	\$ 96,525	\$ -	\$ -	\$ -	\$ 96,525
Mortgage interest	2,798	-	8,359	10,509	8,597	12,781	10,160	10,655	63,859	-	-	-	63,859
Real estate taxes	-	8,618	8,294	7,305	8,405	8,796	8,404	7,818	57,640	-	-	-	57,640
Fundraising	-	-	-	-	-	-	-	-	-	-	640	640	640
Repairs and maintenance	21,820	8,088	9,157	5,571	12,365	9,687	1,634	6,325	74,647	3,564	-	3,564	78,211
Lawn Care	2,675	1,130	1,363	1,558	2,635	1,530	2,358	495	13,744	3,866	-	3,866	17,610
Insurance	311	325	312	288	331	335	296	213	2,411	1,770	-	1,770	4,181
Professional fees	2,325	450	-	-	-	-	-	-	2,775	22,356	-	22,356	25,131
Supplies	-	-	-	-	-	-	-	-	-	1,269	-	1,269	1,269
Postage and mailing	-	-	-	-	-	-	-	-	-	1,249	-	1,249	1,249
Parking and utilities	-	-	-	-	-	-	-	-	-	478	-	478	478
Printing and copying	-	-	-	-	-	-	-	-	-	1,020	-	1,020	1,020
Bank charges	-	-	-	-	-	-	-	-	-	190	-	190	190
Other administrative	1,400	-	-	-	-	-	-	-	1,400	28,590	2,366	30,956	32,356
<b>Total Expenses</b>	<b>\$ 40,177</b>	<b>\$ 28,641</b>	<b>\$ 40,304</b>	<b>\$ 38,906</b>	<b>\$ 46,459</b>	<b>\$ 45,788</b>	<b>\$ 35,427</b>	<b>\$ 37,299</b>	<b>\$ 313,001</b>	<b>\$ 64,352</b>	<b>\$ 3,006</b>	<b>\$ 67,358</b>	<b>\$ 380,359</b>

(Continued)

**MARIAN HOMES, INC.**  
**Statements of Functional Expenses**  
**For the years ended December 31, 2023 and 2022**

	<b>2022</b>											<b>Total</b>	
	<b>Program Services</b>								<b>Supporting Services</b>				
	<b>Marian House</b>	<b>Regina House</b>	<b>Queen of Peace House</b>	<b>Queen of Hope</b>	<b>Mother of Mercy</b>	<b>Our Lady of Light</b>	<b>Mother of Good Counsel</b>	<b>Our Lady of Angel</b>	<b>Total Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total Supporting Services</b>	
Depreciation	\$ 9,809	\$ 9,768	\$ 12,637	\$ 13,675	\$ 14,126	\$ 12,541	\$ 12,575	\$ 6,879	\$ 92,010	\$ -	\$ -	\$ -	\$ 92,010
Mortgage interest	3,811	29	8,072	10,482	8,302	12,839	10,161	10,749	64,445	-	-	-	64,445
Real estate taxes	-	8,143	8,043	6,628	7,751	8,307	7,994	7,467	54,333	-	-	-	54,333
Fundraising	-	-	-	-	-	-	-	-	-	-	7,587	7,587	7,587
Repairs and maintenance	9,366	3,014	3,052	1,326	5,462	7,804	1,150	3,507	34,681	-	-	-	34,681
Insurance	-	-	-	-	-	-	-	-	-	13,593	-	13,593	13,593
Professional fees	2,540	750	950	1,176	400	585	700	-	7,101	11,600	-	11,600	18,701
Supplies	-	-	-	-	-	-	-	162	162	347	-	347	509
Postage and mailing	-	-	-	-	-	-	-	-	-	510	-	510	510
Parking and utilities	-	-	-	-	-	375	-	1,526	1,901	-	-	-	1,901
Printing and copying	-	-	-	-	-	-	130	485	615	-	-	-	615
Reimbursements	2,250	2,250	2,250	-	2,250	2,250	-	-	11,250	-	-	-	11,250
Other administrative	-	-	-	-	-	-	-	165	165	8,520	-	8,520	8,685
<b>Total Expenses</b>	<b>\$ 27,776</b>	<b>\$ 23,954</b>	<b>\$ 35,004</b>	<b>\$ 33,287</b>	<b>\$ 38,291</b>	<b>\$ 44,701</b>	<b>\$ 32,710</b>	<b>\$ 30,940</b>	<b>\$ 266,663</b>	<b>\$ 34,570</b>	<b>\$ 7,587</b>	<b>\$ 42,157</b>	<b>\$ 308,820</b>

**MARIAN HOMES, INC.**  
**Statements of Cash Flows**  
**For the years ended December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b><u>Cash Flows From Operating Activities:</u></b>		
Change in net assets	\$ 64,226	\$ (1,458)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net unrealized loss (gain) on investments	(14,996)	59,103
Realized (gain) on investments	(6,165)	-
Depreciation expense	96,525	92,010
Amortization of discount on notes payable	63,860	64,418
Increase in prepaid and and other assets	(19,371)	-
Increase in accounts payable	25,678	11,600
Net cash provided by operating activities	209,757	225,673
<b><u>Cash Flows From Investing Activities:</u></b>		
Net (purchase) of investments	(4,787)	(9,326)
Purchases of land, property and equipment	(5,464)	(50,961)
Net cash (used in) investing activities	(10,251)	(60,287)
<b><u>Cash Flows From Financing Activities:</u></b>		
Principal payments on notes payable	(66,705)	(75,177)
Net cash used in financing activities	(66,705)	(75,177)
<b>Net increase in cash and cash equivalents</b>	132,801	90,209
<b>Cash and cash equivalents at beginning of year</b>	243,979	153,770
<b>Cash and cash equivalents at end of year</b>	\$ 376,780	\$ 243,979
<b><u>Supplemental Information:</u></b>		
Cash paid during the year for interest	\$ 63,859	\$ 64,445

**MARIAN HOMES, INC.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**NOTE 1 - ORGANIZATION**

Marian Homes, Inc. (Marian or Organization) is a non-profit organization incorporated on February 22, 1996 under the State Code of the Commonwealth of Virginia. The purpose of the entity is to provide group housing to the mentally disadvantaged and assist them in becoming productive members of the community.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting. Accordingly, revenue and related assets are recognized when earned and expenses and related liabilities are recognized when the obligations are incurred.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Description of Net Assets**

Net assets are classified based on existence or absence of donor-imposed restrictions as follows:

*Net Assets Without Donor Restrictions* are currently available for operating purposes under the direction of management and the board of directors or designated by the board for specific use.

*Net Assets With Donor Restrictions* are stipulated by donors for specific operating purposes or for the acquisition of property and equipment or are times restricted. These include donor restrictions requiring the net assets to be held in perpetuity or for a specific term with investment return specified for a specific purpose. There were no net assets with donor restrictions at December 31, 2023 and 2022.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**MARIAN HOMES, INC.**  
**Notes to Financial Statements (Continued)**  
**December 31, 2023 and 2022**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investments**

Investments in marketable securities with readily determinable fair values are reported at their fair values in the accompanying statements of financial position. Donated securities are recorded at the fair value on the date of the gift. Unrealized gains and losses are included in the statements of activities as a component of investment income. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Equity and fixed income securities are exposed to various risks such as market and credit risk. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

The fair value of investments are determined by utilizing quoted market prices on active markets (Level 1) for identical securities.

**Property and Equipment**

Property and equipment in excess of \$2,000 are capitalized and stated at cost. The Organization provides for depreciation and amortization using the straight-line and accelerated methods over the estimated useful lives of the various classes of property as follows:

Building and building improvements	10-40 years
Computer equipment	5 years

**Revenue and Support**

All contributions, grants, and pledges to Marian are considered to be available for use in the year received, unless specifically restricted by the donor. Amounts received that are designated for future periods or that are restricted by the donor for specific purposes, if any, are reported as support with donor restrictions and as an increase to net assets with donor restrictions. When a restriction expires or is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions. If a restriction is fulfilled in the same period in which the donation was received, the amount is reported as support without donor restrictions. If conditional promises to give are received, these contributions are recorded as the conditions are met. Contributions are recognized when the donor makes a promise to give to Marian that is, in substance, unconditional. Initial discounts on zero-interest mortgages are recorded with contributions revenue in the statements of activities.

**MARIAN HOMES, INC.**  
**Notes to Financial Statements (Continued)**  
**December 31, 2023 and 2022**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Rental Income**

Rental income is recognized when received in the period in which the payments relate. Rental payments received in advance are recorded as deferred rental income, and recognized in the period to which the payments relate.

**In-Kind Contributions**

Contributions of services are recognized in the financial statements if the services require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Otherwise, volunteer services are not recorded in the financial statements as these contributions do not meet the requirements to be recorded as revenue and expense.

**Allocation of Costs**

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Insurance expense is attributable to multiple programs and is allocated evenly amongst the Organization's individual programs. Costs of other categories, if applicable, are allocated estimates of time and effort.

**Advertising**

Advertising expenses are expensed as they are incurred.

**Income Taxes**

Marian is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC). No provision for income taxes has been established, as Marian has no unrelated business activity, as debt-financed rental income is exempt when used for exempt purposes. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Federal and state tax returns may be subject to audit for three years after filing, hence Marian's tax returns for 2021 onward are open to tax examination.

**MARIAN HOMES, INC.**  
**Notes to Financial Statements (Continued)**  
**December 31, 2023 and 2022**

**NOTE 3 - INVESTMENTS**

The cost, fair values and unrealized gain on investments at December 31, 2023 and 2022 are as follows:

	<b>2023</b>		
	Cost	Unrealized gain	Fair Value
Mutual funds, equities	\$ 288,487	\$ 39,058	\$ 327,545

  

	<b>2022</b>		
	Cost	Unrealized gain	Fair Value
Mutual funds, equities	\$ 235,060	\$ 68,506	\$ 303,566

Investment income (loss) for the years ended December 31, 2023 and 2022 is summarized as follows:

	<b>2023</b>	<b>2022</b>
Dividends and interest	\$ 5,773	\$ 12,391
Realized gains (losses)	6,165	-
Unrealized gains (losses)	14,996	(59,103)
Investment fees	(2,842)	(2,956)
	<u>\$ 24,092</u>	<u>\$ (49,668)</u>

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31,

	<b>2023</b>	<b>2022</b>
Property and equipment, at cost		
Group homes and improvements	\$ 3,731,824	\$ 3,727,702
Computer equipment	1,343	1,343
	3,733,167	3,729,045
Less: Accumulated depreciation	(729,726)	(634,543)
	3,003,441	3,094,502
Land, at cost	1,550,442	1,550,442
	<u>\$ 3,003,441</u>	<u>\$ 3,094,502</u>

Depreciation expense for the years ended December 31, 2023 and 2022 was \$96,525 and \$92,010, respectively.

**MARIAN HOMES, INC.**  
**Notes to Financial Statements (Continued)**  
**December 31, 2023 and 2022**

**NOTE 5 - NOTES PAYABLE**

In December 2015, Marian entered into a loan agreement with KOVAR Corporation for a mortgage note in the amount of \$200,000 (Note A). The note is collateralized by real property at 5028 Prestwick Drive, Fairfax, Virginia. The note matures on January 2026, is non-interest bearing, and is repayable in 120 equal monthly payments of approximately \$1,667. The note payable is included in the statements of financial position at a discounted value of \$37,624 and \$54,826 at December 31, 2023 and 2022, respectively, which represents a present value at a rate of 3.5% of the remaining monthly payments.

In February 2015, Marian entered into a loan agreement with Fairfax County for a mortgage note in the amount of \$510,000 (Note D). The note is non-interest bearing and does not require monthly payments. The note is collateralized by real property at 7609 Gresham Street, Springfield, Virginia. The note will be forgiven after 30 years if the property is maintained as a group home. In the event of a sale of the property or should Marian homes discontinue to maintain the property as a group home before maturity, Fairfax county is entitled to the greater of the face value of the note (\$510,000) or 74% of the market value of the collateralized property. The note matures March 2045. The note payable is included in the statements of financial position at a discounted value of \$243,388 and \$235,028 at December 31, 2023 and 2022, respectively, which represents the present value of the note discounted at a rate of 3.5%.

In December 2015, Marian entered into a loan agreement with Fairfax County for a mortgage note in the amount of \$540,000 (Note E). The note is non-interest bearing and does not require monthly payments. The note is collateralized by real property at 3504 Wilson Street, Fairfax, Virginia. The note will be forgiven after 30 years if the property is maintained as a group home. In the event of a sale of the property or should Marian homes discontinue to maintain the property as a group home before maturity, Fairfax county is entitled to the greater of the face value of the note (\$540,000) or 74% of the market value of the collateralized property. The note matures January 2046. The note payable is included in the statements of financial position at a discounted value of \$250,307 and \$241,711 at December 31, 2023 and 2022, respectively, which represents the present value of the note discounted at a rate of 3.5%.

In January 2017, Marian entered into a loan agreement with Fairfax County for a mortgage note in the amount of \$570,000 (Note F). The note is non-interest bearing and does not require monthly payments. The note is collateralized by real property at 4233 Holborn Avenue, Annandale, Virginia. The note will be forgiven after 30 years if the property is maintained as a group home. In the event of a sale of the property or should Marian homes discontinue to maintain the property as a group home before maturity, Fairfax county is entitled to the greater of the face value of the note (\$570,000) or 73% of the market value of the collateralized property. The note matures January 2047. The note payable is included in the statements of financial position at a discounted value of \$240,173 and \$231,347 at December 31, 2023 and 2022, respectively, which represents the present value of the note discounted at a rate of 3.75%.

**MARIAN HOMES, INC.**  
**Notes to Financial Statements (Continued)**  
**December 31, 2023 and 2022**

**NOTE 5 - NOTES PAYABLE** (Continued)

In January 2017, Marian entered into two loan agreements with KOVAR Corporation for two mortgage notes in the amount of \$70,000 and \$145,000 (Note G). The notes are collateralized by real property at 4233 Holborn Avenue, Annandale, Virginia. The notes mature on February 1, 2032, are non-interest bearing, and are repayable in 180 equal monthly payments of approximately \$1,194. The notes are included in the statements of financial position at a discounted value of \$99,816 and \$110,194 at December 31, 2023 and 2022, respectively, which represents the present value of the note discounted at a rate of 3.75%.

In January 2019, Marian entered into a loan agreement with Fairfax County for a mortgage note in the amount of \$450,000 (Note H). The note is non-interest bearing and does not require monthly payments. The note is collateralized by real property at 6218 Apache Street, Springfield, VA. The note will be forgiven after 30 years if the property is maintained as a group home. In the event of a sale of the property or should Marian homes discontinue to maintain the property as a group home before maturity, Fairfax county is entitled to the greater of the face value of the note (\$450,000) or 62% of the market value of the collateralized property. The note matures in January 2049. The note payable is included in the statements of financial position at a discounted value of \$113,615 and \$107,548 at December 31, 2023 and 2022, respectively, which represents the present value of the note discounted at a rate of 5.5%.

In January 2019, Marian entered into a loan agreement in the amount of \$150,000 (Note I). The note is collateralized by real property at 6218 Apache Street, Springfield, VA. The note matures on February 1, 2034, non-interest bearing, and is repayable in 180 equal monthly payments of approximately \$833. The note payable is included in the statements of financial position at a discounted value of \$77,266 and \$82,848 at December 31, 2023 and 2022, respectively, which represents the present value of the note discounted at a rate of 5.5%.

In January 2020, Marian entered into a loan agreement with Fairfax County for a mortgage note in the amount of \$470,000 (Note J). The note is non-interest bearing and does not require monthly payments. The note is collateralized by real property at 9817 Limoges Drive in Fairfax, Virginia. The note will be forgiven after 30 years if the property is maintained as a group home. The notes mature in January 2050. The note payable is included in the statements of financial position at a discounted value of \$176,997 and \$170,493 at December 31, 2023 and 2022, respectively, which represents the present value of the note discounted at a rate of 3.75%.

In January 2020, Marian entered into a loan agreement in the amount of \$150,000 (Note K). The note bears 3% interest, payable in 180 equal monthly payments of approximately \$1,036, and is collateralized by real property at 9817 Limoges Drive. The note matures in January 2035. The note payable is included in the statements of financial position at a discounted value of \$121,697 and \$126,578 at December 31, 2023 and 2022, respectively, which represents the present value of the note discounted at a rate of 3%.

**MARIAN HOMES, INC.**  
**Notes to Financial Statements (Continued)**  
**December 31, 2023 and 2022**

**NOTE 5 - NOTES PAYABLE** (Continued)

In April 2021, Marian entered into a loan agreement with Fairfax County for a mortgage note in the amount of \$457,000 (Note L). The note is non-interest bearing and does not require monthly payments. The note is collateralized by real property at 12234 Blue Topaz Lane in Fairfax, Virginia. The note will be forgiven after 30 years if the property is maintained as a group home. The notes mature in April 2051. The note payable is included in the statements of financial position at a discounted value of \$188,208 and \$182,198 at December 31, 2023 and 2022, respectively, which represents the present value of the note discounted at a rate of 3.25%.

In April 2021, Marian entered into a loan agreement in the amount of \$204,000 (Note M). The note is non-interest bearing, payable in 180 equal monthly payments of approximately \$1,133, and is collateralized by real property at 12234 Blue Topaz Lane. The note matures in May 2036. The note payable is included in the statements of financial position at a discounted value of \$138,040 and \$146,996 at December 31, 2023 and 2022, respectively, which represents the present value of the note discounted at a rate of 3.25%.

Future maturities of notes payable net of note discounts are as follows:

	<u>Total</u>
2024	\$ 13,790
2025	14,351
2026	(5,595)
2027	(6,196)
2028	(6,821)
Thereafter	<u>1,681,285</u>
Total	<u>\$ 1,690,814</u>

Interest expense and imputed interest on notes payable was \$63,860 and \$64,444 for the years ended December 31, 2023 and 2022, respectively.

**NOTE 6- RENTAL REVENUE**

Marian maintains eight operating lease agreements in connection with its housing program. The lease agreements provide monthly rent of \$536 for each occupant residing at each home owned and operated by Marian. Lease payments are subject to annual escalations. The leases were renewed on June 30, 2022, with the exception of the sixth, seventh and eighth lease, entered into during 2019, 2020 and 2021, which expires on December 31, 2024, December 31, 2025 with the eighth lease ongoing, respectively. Total rental revenue for the years ended December 31, 2023 and 2022 associated with these lease agreements was \$251,650 and \$243,779, respectively.

**MARIAN HOMES, INC.**  
**Notes to Financial Statements (Continued)**  
**December 31, 2023 and 2022**

**NOTE 7- CONCENTRATION**

Marian receives rental revenues from a two sources. Rental revenues for the years ended December 31, 2023 and 2022 totaled \$251,650 and \$243,779, respectively, which represents approximately 57% and 79%, respectively, of total revenues for the years then ended.

**NOTE 8- LIQUIDITY AND FUNDS AVAILABLE**

The following table reflects the Organization’s financial assets as of December 31, 2023 and 2022, reduced by amounts not available for general expenditure within one year, if any. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, assets held for others, endowments and accumulated earnings net of appropriations within one year and board designated endowments. These board designations could be drawn upon if the board approves that action.

Financial assets available to meet cash needs for general expenditures within one year as of December 31,

	<u>2023</u>	<u>2022</u>
Financial assets		
Cash	\$ 376,780	\$ 243,979
Investments, at fair value	<u>327,991</u>	<u>303,566</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 706,294</u>	<u>\$ 547,545</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE 9- SUBSEQUENT EVENTS**

Subsequent events were evaluated through May 16, 2024, which is the date the financial statements were available to be issued.

In April 2024, Marian purchased an additional group home for approximately \$428,000. The home purchase was partially was funded through a mortgage note payable in the amount of \$320,000. The note payable charges zero percent interest and matures over a fifteen year period.