



**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**For the Years Ended
December 31, 2025 and 2024**

MARIAN HOMES, INC.
FINANCIAL STATEMENTS
December 31, 2025 and 2024
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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, 2025 and 2024, 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, 2025 and 2024, 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.'s 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 4, 2026



MARIAN HOMES, INC.
Statements of Financial Position
December 31, 2025 and 2024

	ASSETS	
	2025	2024
<u>Assets:</u>		
Cash and cash equivalents	\$ 401,466	\$ 322,028
Other receivables	7,714	281
Investments, at fair value	204,659	376,474
Prepays and other asset	21,352	13,401
Property and equipment, at cost, net of accumulated depreciation	3,649,612	3,335,036
Land	1,821,342	1,678,842
Total assets	\$ 6,106,145	\$ 5,726,062
LIABILITIES AND NET ASSETS		
<u>Liabilities:</u>		
Accounts payable	\$ 3,467	\$ 6,478
Notes payable, net of note discounts	2,013,437	1,874,806
Total liabilities	2,016,904	1,881,284
Net assets without donor restrictions	4,089,241	3,844,778
Total liabilities and net assets	\$ 6,106,145	\$ 5,726,062

MARIAN HOMES, INC.
Statements of Activities
For the years ended December 31, 2025 and 2024

	2025	2024
Without donor restrictions:		
<u>Revenue and Support:</u>		
Contributions	\$ 216,878	\$ 280,440
Rental income	296,752	261,983
Fundraising events and other	113,251	83,966
Investment income, net	40,262	28,087
Lawncare revenue	-	11,555
Total revenue and support	667,143	666,031
 <u>Expenses:</u>		
Program services	305,783	267,919
Supporting services	116,897	102,124
Total expenses	422,680	370,043
 Change in net assets	 244,463	 295,988
 Net assets, beginning of year	 3,844,778	 3,548,790
 Net assets, end of year	 \$ 4,089,241	 \$ 3,844,778

MARIAN HOMES, INC.
Statements of Functional Expenses
For the years ended December 31, 2025 and 2024

	2025										Supporting Services			Total	
	Program Services										General and Administrative	Fundraising	Total 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	Country Club Circle	Royal Avenue	Total Program Services				
Depreciation	\$ 9,242	\$ 10,552	\$ 14,608	\$ 13,331	\$ 15,046	\$ 13,574	\$ 12,726	\$ 12,033	\$ 11,152	\$ 4,007	\$ 116,271	\$ -	\$ -	\$ -	\$ 116,271
Mortgage interest	630	-	10,540	8,964	9,219	12,661	10,147	10,458	12,653	2,583	77,855	-	-	-	77,855
Real estate taxes	-	8,697	8,035	9,321	9,444	9,371	9,767	8,302	2,030	1,391	66,358	-	-	-	66,358
Fundraising	-	-	-	-	-	-	-	-	-	-	-	689	69,180	69,869	69,869
Repairs and maintenance	3,968	659	459	2,367	389	977	4,659	2,043	4,245	3,644	23,410	9,761	-	9,761	33,171
Lawn care	-	-	-	507	156	-	-	-	-	260	923	-	-	-	923
Insurance	2,245	2,400	2,042	2,305	2,448	2,440	2,183	1,524	1,676	686	19,949	6,344	-	6,344	26,293
Professional fees	-	-	-	-	-	-	-	-	-	-	-	20,675	-	20,675	20,675
Supplies	-	-	-	-	-	-	-	-	-	-	-	239	-	239	239
Postage and mailing	-	-	-	-	-	-	-	-	-	-	-	666	1,731	2,397	2,397
Parking and utilities	-	-	-	-	-	-	-	-	-	993	993	584	-	584	1,577
Software and subscriptions	-	-	-	-	-	-	-	-	-	-	-	1,547	116	1,663	1,663
Advertisement	-	-	-	-	-	-	-	-	-	-	-	4,814	99	4,913	4,913
Other administrative	-	-	-	-	-	-	-	-	-	24	24	452	-	452	476
Total Expenses	<u>\$ 16,085</u>	<u>\$ 22,308</u>	<u>\$ 35,684</u>	<u>\$ 36,795</u>	<u>\$ 36,702</u>	<u>\$ 39,023</u>	<u>\$ 39,482</u>	<u>\$ 34,360</u>	<u>\$ 31,756</u>	<u>\$ 13,588</u>	<u>\$ 305,783</u>	<u>\$ 45,771</u>	<u>\$ 71,126</u>	<u>\$ 116,897</u>	<u>\$ 422,680</u>

(Continued)

MARIAN HOMES, INC.
Statements of Functional Expenses
For the years ended December 31, 2025 and 2024

	2024													
	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	Country Club Circle	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
Depreciation	\$ 8,970	\$ 10,282	\$ 12,783	\$ 13,918	\$ 14,125	\$ 12,946	\$ 12,575	\$ 11,913	\$ 5,765	\$ 103,277	\$ -	\$ -	\$ -	\$ 103,277
Mortgage interest	1,746	-	6,526	8,380	6,771	10,591	8,054	8,427	7,660	58,155	-	-	-	58,155
Real estate taxes	-	8,847	8,877	7,790	8,923	8,940	8,900	8,025	848	61,150	-	-	-	61,150
Fundraising	-	-	-	-	-	-	-	-	450	450	498	59,293	59,791	60,241
Repairs and maintenance	10,286	1,588	-	355	988	2,683	670	2,123	1,088	19,781	10,903	-	10,903	30,684
Lawn care	2,624	728	585	1,344	416	1,398	272	-	94	7,461	-	-	-	7,461
Insurance	1,874	1,960	1,882	1,734	1,996	2,015	1,780	1,282	826	15,349	1,865	-	1,865	17,214
Professional fees	-	-	-	-	-	-	-	-	-	-	23,620	826	24,446	24,446
Supplies	-	-	-	-	-	-	-	-	-	-	619	-	619	619
Postage and mailing	-	-	-	-	-	-	-	-	-	-	536	-	536	536
Parking and utilities	-	-	-	-	-	-	-	-	765	765	984	-	984	1,749
Printing and copying	-	-	-	-	-	-	-	-	-	-	-	1,480	1,480	1,480
Bank charges	-	-	-	-	-	-	-	-	25	25	35	-	35	60
Other administrative	-	-	400	-	400	-	-	-	706	1,506	1,465	-	1,465	2,971
Total Expenses	\$ 25,500	\$ 23,405	\$ 31,053	\$ 33,521	\$ 33,619	\$ 38,573	\$ 32,251	\$ 31,770	\$ 18,227	\$ 267,919	\$ 40,525	\$ 61,599	\$ 102,124	\$ 370,043

MARIAN HOMES, INC.
Statements of Cash Flows
For the years ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 244,463	\$ 295,988
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net unrealized loss (gain) on investments	7,351	(2,679)
Realized (gain) on investments	(21,013)	-
Donated securities	-	(24,420)
Depreciation expense	116,271	103,277
Net discount on mortgage notes payable	(90,561)	(115,918)
Amortization of discount on notes payable	77,855	70,943
Decrease (Increase) in other receivables	(7,433)	1,242
Decrease (Increase) in prepaid and and other assets	(7,951)	5,970
(Decrease) in accounts payable	(3,011)	(33,466)
	<u>315,971</u>	<u>300,937</u>
Net cash provided by operating activities	315,971	300,937
<u>Cash Flows From Investing Activities:</u>		
Purchases of investments	(20,821)	(21,384)
Sales of investments	206,298	-
Purchases of land, property and equipment	(573,347)	(563,272)
	<u>(387,870)</u>	<u>(584,656)</u>
Net cash (used in) investing activities	(387,870)	(584,656)
<u>Cash Flows From Financing Activities:</u>		
Principal payments on notes payable	(98,663)	(91,033)
Proceeds from borrowings on notes payable	250,000	320,000
	<u>151,337</u>	<u>228,967</u>
Net cash provided by financing activities	151,337	228,967
Net (decrease) increase in cash and cash equivalents	79,438	(54,752)
Cash and cash equivalents at beginning of year	<u>322,028</u>	<u>376,780</u>
Cash and cash equivalents at end of year	<u>\$ 401,466</u>	<u>\$ 322,028</u>

MARIAN HOMES, INC.
Notes to Financial Statements
December 31, 2025 and 2024

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, 2025 and 2024.

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, 2025 and 2024

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, 2025 and 2024

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 2022 onward are open to tax examination.

MARIAN HOMES, INC.
Notes to Financial Statements (Continued)
December 31, 2025 and 2024

NOTE 3 - INVESTMENTS

The cost, fair values and unrealized gain on investments at December 31, 2025 and 2024 are as follows:

	2025		
	Cost	Unrealized gain	Fair Value
Cash and Cash Investments	\$ 34,786	\$ -	\$ 34,786
Equities	21,276	-	21,276
Mutual Funds	111,066	37,531	148,597
Investment Total	<u>\$ 167,128</u>	<u>\$ 37,531</u>	<u>\$ 204,659</u>
	2024		
	Cost	Unrealized gain	Fair Value
Fixed Income	\$ 164,880	\$ 9	\$ 164,889
Equities	21,024	-	21,024
Mutual Funds	145,437	45,124	190,561
Investment Total	<u>\$ 331,341</u>	<u>\$ 45,133</u>	<u>\$ 376,474</u>

Investment income for the years ended December 31, 2025 and 2024 is summarized as follows:

	2025	2024
Dividends and interest	\$ 29,215	\$ 28,578
Realized gains	21,013	-
Unrealized (losses) gains	(7,351)	2,679
Investment fees	(2,615)	(3,170)
	<u>\$ 40,262</u>	<u>\$ 28,087</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31,

	2025	2024
Property and equipment, at cost		
Group homes and improvements	\$ 4,598,886	\$ 4,168,038
	4,598,886	4,168,038
Less: Accumulated depreciation	(949,274)	(833,002)
	3,649,612	3,335,036
Land, at cost	1,821,342	1,678,842
	<u>\$ 5,470,954</u>	<u>\$ 5,013,878</u>

Depreciation expense for the years ended December 31, 2025 and 2024 was \$116,271 and \$103,277, respectively.

MARIAN HOMES, INC.
Notes to Financial Statements (Continued)
December 31, 2025 and 2024

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 matured on December 2025, 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 \$0 and \$19,370 at December 31, 2025 and 2024, 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 \$261,009 and \$252,044 at December 31, 2025 and 2024, 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 \$268,429 and \$259,210 at December 31, 2025 and 2024, 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 \$258,849 and \$249,336 at December 31, 2025 and 2024, 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, 2025 and 2024

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 \$77,855 and \$89,041 at December 31, 2025 and 2024, 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 \$126,794 and \$120,024 at December 31, 2025 and 2024, 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 \$65,138 and \$71,369 at December 31, 2025 and 2024, 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 \$190,760 and \$183,750 at December 31, 2025 and 2024, 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 \$96,018 and \$108,806 at December 31, 2025 and 2024, 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, 2025 and 2024

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 \$200,831 and \$194,417 at December 31, 2025 and 2024, 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 \$119,233 and \$128,790 at December 31, 2025 and 2024, respectively, which represents the present value of the note discounted at a rate of 3.25%.

In April 2024, Marian entered into a loan agreement with KOVAR Corporation in the amount of \$320,000 (Note N). The note is non-interest bearing, payable in 180 equal monthly payments of approximately \$1,778, and is collateralized by real property at 123 Country Club Circle. The note matures in May 2036. The note payable is included in the statements of financial position at a discounted value of \$190,665 and \$198,600 at December 31, 2025 and 2024, respectively, which represents the present value of the note discounted at a rate of 6.5%.

In August 2025, Marian entered into a loan agreement with KOVAR Corporation in the amount of \$250,000 (Note O). The note is non-interest bearing, payable in 180 equal monthly payments of approximately \$1,389, and is collateralized by real property at 316 Royal Avenue. The note matures in August 2040. The note payable is included in the statements of financial position at a discounted value of \$157,856 at December 31, 2025, which represents the present value of the note discounted at a rate of 6.5%.

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

	Total
2026	\$ 837
2027	1,645
2028	2,565
2029	3,522
2030	4,545
Thereafter	<u>2,000,323</u>
Total	<u>\$ 2,013,437</u>

Interest expense and imputed interest on notes payable was \$77,855 and \$58,155 for the years ended December 31, 2025 and 2024, respectively.

MARIAN HOMES, INC.
Notes to Financial Statements (Continued)
December 31, 2025 and 2024

NOTE 6- RENTAL REVENUE

Marian maintains nine operating lease agreements in connection with its housing program. The lease agreements provide monthly rent of \$567 for each occupant residing at each home owned and operated by Marian. Lease payments are subject to annual escalations. The ninth lease for 123 Country Club was entered into agreement on September 2024. Total rental revenue for the years ended December 31, 2025 and 2024 associated with these lease agreements was \$296,752 and \$261,983, respectively.

NOTE 7- CONCENTRATION

Marian receives revenues from two sources, rental revenue and contributions. Rental revenues for the years ended December 31, 2025 and 2024 totaled \$296,752 and \$261,983, respectively, which represents approximately 44% and 39%, respectively, of total revenues for the years then ended. Contribution revenues for the years ended December 31, 2025 and 2024 totaled \$216,878 and \$280,440, respectively, which represents approximately 33% and 42%, 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, 2025 and 2024, 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>2025</u>	<u>2024</u>
Financial assets		
Cash	\$ 401,466	\$ 322,028
Other receivable	7,714	281
Investments, at fair value	<u>204,659</u>	<u>376,474</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 613,839</u>	<u>\$ 698,783</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 4, 2026, which is the date the financial statements were available to be issued.