

Cornerstone Montgomery, Inc.

*FY27 Community Development Block Grant
(CDBG)*

Cornerstone Montgomery

Ms Maggie Sugrue

Ms Maggie Sugrue

2 Taft Court
Suite 200
Rockville, MD 20850

maggie.sugrue@cornerstonemontgomery.org
O: 301-715-3673

Application Form

Applicant Information and Request Amount

Project Name*

Legal name of Applicant/Organization

Cornerstone Montgomery, Inc.

Federal I.D. Number*

52-0937199

Type of Organization*

Nonprofit

501(c)(3) Status

If you are a nonprofit organization, upload an Internal Revenue Service letter granting non-profit status 501(c)(3).

1. IRS Approval Letter_CMI.pdf

Address*

2 Taft Court, #200

Contact Person*

Provide a name and job title.

Maggie Sugrue

Contact Person - Telephone Number*

3017153673

Contact Person - E-mail*

maggie.sugrue@cornerstonemontgomery.org

Project Title*

Taft Building Renovations

Amount of CDBG Funds Requested*

\$179,856.00

Amount of Total Project Budget*

\$197,841.00

Would you like to collaborate on this application with another person? If yes, follow the instructions below.

Once you have started a request you will see the Collaborate button at the top of the page. This can be used to invite other people to work on this request.

- From the Collaborate pop up, enter the email address of the person you would like to invite,
- Set the Permission you would like the collaborator to have, either View, Edit, or Submit.
- And lastly, include a message and select Invite.

An email will be sent to the collaborator containing your message, their username, and a link to the logon page.

After logging into the system, the collaborator will see this request under the Collaboration Requests tab of their Applicant Dashboard. Here they can select the edit form link and start collaborating on the document. The Collaborator will have access to all forms within the request that have been assigned to the original applicant.

Project Description and Need

Project Description*

Provide a *brief* summary of your project. Describe: WHAT you will do, WHO you will serve, WHY the project is needed, WHERE you will do it, and WHAT activities you will fund with CDBG. (*NOTE: More information is requested later; this space is for a brief overview of your project.*)

Cornerstone Montgomery seeks support to maintain a critical facility, the Taft Building, that houses essential behavioral health services for more than 3,000 individuals annually across Montgomery, Calvert, Charles, and St. Mary's counties. While Cornerstone Montgomery owns the Taft Building, it rents the first floor to InterFaith Works who uses the space to operate the InterFaith Works Women's Center at Taft Court (IWWC-Taft). Cornerstone Montgomery respectfully requests funding to remove and replace aging, damaged, and deteriorating flooring and windows in the Taft building to include the IWWC-Taft shelter.

This building serves as the backbone of our continuum of care, providing safe, welcoming space for outpatient clinics, vocational programs, residential rehabilitation, crisis stabilization, and case management. Without this facility, there would be no safety net for some of the community's most vulnerable residents—individuals living with serious mental illness, co-occurring substance use disorders, and housing instability.

Investing in this facility is not about flooring and windows. It is about safeguarding access to integrated, evidence-based care for thousands of Montgomery County and City of Rockville residents. Safe, updated flooring and new, undamaged windows will ensure that individuals in crisis have a trusted place to turn, that recovery programs remain uninterrupted, and that hope continues to have a home in our community.

Project Need*

What unmet need(s) will your project address? How did you determine that this need exists? You must provide data that quantifies the need to receive full points for Need in the scoring criteria (e.g., number of units, physical needs assessment data, photographs).

Our project addresses the persistent shortage of accessible, integrated behavioral health services by investing in the primary facility that enables Cornerstone Montgomery to provide behavioral health care and InterFaith Works to operate its Women's Center. At Cornerstone, needs are quantified through annual client surveys, data from our certified electronic health record system, and required county/state reporting. Trends show steadily rising demand for mental health and crisis services, with long waitlists and hospital and school referrals underscoring the urgency. Demand consistently exceeds capacity, especially for transition-age youth, adults with chronic mental illness, and individuals experiencing housing insecurity. In FY25, Cornerstone served 3,000 individuals; Residential Rehabilitation programs maintained hospitalization rates below 5%, and vocational programs placed nearly 200 people in competitive jobs. Without a stable facility, thousands risk losing access to life-saving care, housing supports, and pathways to recovery and independence.

The IW Women's Center at Taft Court (IWWC-Taft) is a low-barrier, housing-focused emergency shelter serving women experiencing homelessness. It operates 40 beds, expanding to 50 during hypothermia season (Nov–Mar). The County plans to merge IWWC-Taft with IW's Crabbs Branch site in spring 2026, creating a 70-bed facility for women. Clients receive basic needs, case management, and access to medical, behavioral health, vocational, and legal services that facilitate rapid exits to permanent housing. IWWC-Taft serves 153 women annually, all earning below 200% of the Federal Poverty Level. Most face behavioral health challenges, chronic illness, domestic violence, limited education or English proficiency, chronic homelessness, and lack of family support. The need for IW's services continues to grow as more women seek emergency shelter and critical support.

Project Need Attachments

Please compile attachments (including photos) into one pdf, doc or docx file. *If the attachments exceed the maximum file size, send them to Chuck Dunn, cdunn@rockvillemd.gov.*

Project Need Attachments.pdf

Location of Project*

Where will this project be physically located? For projects, provide the address of the project; for programs, state the location from which the program will be operated. *Project activities should take place within the corporate limits of the City of Rockville.*

This project is located at 2 Taft Court in Rockville, Maryland.

Location of Project - Historic District*

Will this project be located in one of Rockville's Historic Districts? View the map of Rockville Historic Districts.

No

Service Area*

Is there a primary service area(s) for this project?

No

Service Area - Description

If you selected “yes” to the previous question, briefly describe the boundaries of the service area (e.g. by streets, neighborhoods, or census tracts). Answering “no” signifies that services are provided citywide without regard to location.

Cornerstone Montgomery serves residents in Calvert, Charles, Montgomery, and St. Mary's counties. 70% of those served by Cornerstone Montgomery are residents of Montgomery County.

Service Area - Outside City of Rockville

If some people served come from outside the City of Rockville, please provide a breakdown of Rockville residents versus non-Rockville residents.

Currently, Cornerstone Montgomery serves 1,347 city of Rockville residents, including a 50 bed shelter managed by Interfaith Works (IW) located in the Taft building that is owned by Cornerstone Montgomery. The shelter serves 153 women annually, all of whom are homeless and earn less than 200% of the Federal Poverty Level.

Number Served*

Estimate the total number of people or households who will directly benefit from this project.

3000

Number LMI Served*

Estimate the total number of low- and moderate-income people or households who will directly benefit from this project. See pg. 4 of the **APPLICATION INSTRUCTIONS** for the definition of “low- and moderate-income (“LMI”).”

2957

Percentage LMI Served*

What percentage of the total people or households served are expected to be of low- and moderate-income. See pg. 4 of the **APPLICATION INSTRUCTIONS** for the definition of “low- and moderate-income (“LMI”).”

98

Identify the source of your estimates*

Cornerstone Montgomery clients self-report income and are among the most vulnerable in the community, including adults and transition-age youth experiencing serious and persistent mental illness, co-occurring substance use disorders, and housing instability. Many rely on public assistance or entitlements to meet their basic needs.

IWWC serves adult women experiencing homelessness in Montgomery County. All are determined by the Crisis Center to be individuals with low or no income.

Recruitment/Referral Process*

Describe how beneficiaries will be recruited or referred to the project or program.

Cornerstone has partnerships with 300 nonprofits, employers, hospitals, business mentors and educational institutions, 100 volunteers, and more than 300 staff.

Key referral partners include: Interfaith Works, JSSA, Maryland Treatment Centers, Maryland Department of Education Division of Rehabilitation Services, Montgomery County Department of Health and Human Services, National Alliance on Mental Illness, National Council for Mental Wellbeing, Avery Road Treatment Center, Jude House, St.Mary's County Substance Abuse Services, Legal Aid Bureau.

IWWC-Taft is one of Montgomery's only two year-round, low barrier, emergency shelters exclusively for women. Montgomery County residents who are single adults experiencing homelessness without minor children should call the Montgomery County Crisis Center for a referral for emergency shelter. The Montgomery County Crisis Center is available 24 hours a day, 365 days a year for those needing emergency shelter and homeless-related resources.

Eligibility Process*

Describe how you will determine eligibility for the program and document that at least 70 percent of the housing units are occupied by LMI households or that 70 percent of the program's beneficiaries have low- or moderate-incomes, as defined by HUD.

This project requests funding to replace floors and windows in the Taft building which is owned by Cornerstone Montgomery. The first floor of this building is rented to Interfaith Works to operate IWWC-Taft.

Eligibility for the IWWC-Taft emergency shelter program is determined by the diversion team at the Montgomery County Crisis Center, which conducts screenings and makes referrals. IWWC serves adult women experiencing homelessness in Montgomery County. These women must have lost housing in Montgomery County. All are determined by the Crisis Center to be individuals with low or no income.

Cornerstone Montgomery serves adults and at-risk transition age youth experiencing serious and persistent mental illness, behavioral disorders, and co-occurring substance abuse disorders and accepts referrals from IWWC-Taft. The vast majority of people served receive benefits/entitlements and/or other public assistance and are very low to low income.

Project Goals*

List the specific goals that you hope to achieve through this project; goals should be quantitative and measurable in nature. *The activity should have clearly stated goals and evaluation criteria that are specific, measurable, and realistic.*

Goal 1: Within 12 months of receiving funding, remove and replace deteriorating flooring and in the IWWC-Taft shelter on the first floor of the Taft building to maintain a safe, stable facility for behavioral health services as measured by continued service delivery, provision of core programs and number of clients served annually.

Goal 2: Within 12 months of receiving funding, remove and replace 13 damaged windows in the Taft building to maintain a safe, stable facility for behavioral health services as measured by continued service delivery, provision of core programs, and number of clients served annually.

Action Plan

Quarterly Schedule: Any CDBG funds awarded should be fully expended within a 12-month period. *The activity should have a clear plan of action that is consistent with the budget and that demonstrates that the applicant has the capacity to implement the proposed plan.*

Describe the implementation plan for the project by listing a quarterly schedule of key activities / milestones and the corresponding draw down of CDBG funds in the following questions:

First Quarter - Key Activities*

List key tasks and milestones during the quarter. Write N/A, if no activities are planning during the quarter.

1. Publish formal bid requests for flooring and replacement of windows
2. Select vendor(s) to replace flooring and windows
3. Work with IWWC-Taft on shelter relocation plan during renovations

Second Quarter - Key Activities*

List key tasks and milestones during the quarter. Write N/A, if no activities are planning during the quarter.

1. IWWC-Taft will execute temporary shelter relocation plan
2. Replace all flooring and windows in Taft building

Third Quarter - Key Activities*

List key tasks and milestones during the quarter. Write N/A, if no activities are planning during the quarter.

n/a

Fourth Quarter - Key Activities*

List key tasks and milestones during the quarter. Write N/A, if no activities are planning during the quarter.

n/a

First Quarter - \$ Draw Down*

Estimate the draw down of CDBG funds in the quarter.

\$0.00

Second Quarter - \$ Draw Down*

Estimate the draw down of CDBG funds in the quarter.

\$179,856.00

Third Quarter - \$ Draw Down*

Estimate the draw down of CDBG funds in the quarter.

\$0.00

Fourth Quarter - \$ Draw Down*

Estimate the draw down of CDBG funds in the quarter.

\$0.00

Budget and Leveraging

Project Budget Form*

1. Download the Budget Form (doc file).
2. Fill out the budget form and save it. Instructions are provided on page 1 of the packet.
3. Upload the completed form using the "upload a file" button below.

CDBG Application Budget Form_Final.docx

Expenditure Details*

Describe in detail types of expenditures CDBG will fund (i.e., labor, materials, etc.).

Cornerstone Montgomery requests that CDBG funds will fund windows at a cost of \$18,758.00 and flooring at a cost of \$161,098.00.

Cost Estimate Details*

How did you determine the cost estimates included in the CDBG Project Budget Form?

Cornerstone Montgomery has been assessing the need for floor upgrades and window replacements since 2023. Throughout this process, we have consulted multiple construction and renovation contractors to obtain competitive bids. The cost estimates included in the CDBG project budget reflect the actual bid received and represent a realistic and researched projection of the expenses required to complete the proposed work.

Cost Estimate Details - Attachments

Upload any supporting documents for your cost estimates (including bids, research or past documentation for previous projects).

Floor and Window Proposal (1).pdf

Davis-Bacon Labor Standards and Wages*

If you propose construction, rehabilitation, or acquisition activities, are the construction estimates incorporated into the project budget inclusive Davis-Bacon Labor Standards and Wages?

Yes

Site Ownership*

If you propose construction, rehabilitation, or acquisition activities, does your organization own the property or site?

Yes

Site Ownership or Lease Agreement

Evidence of site control.

- If yes to the previous question, provide evidence of ownership (deed and property tax records).
- If no to the previous question, provide a copy of the lease agreement and letter from the owner confirming the proposed activities are permitted and acceptable.

2 Taft Ct Recorded Deed.pdf

Land Use/Zoning*

If you propose construction, rehabilitation, or acquisition activities, does the project require a land use and/or zoning change?

No

Land Use/Zoning - Details

If yes to the previous question, explain below.

Partial Funding*

In the past, the City has often provided partial funding for multiple projects instead of full funding for a few projects so that it could address numerous requests. Please describe, in detail, the specific changes that you will make to your project or scope of services if your project is partially funded.

If partial funding is awarded, Cornerstone Montgomery will adjust the project to work within the amount of funding awarded. Cornerstone will prioritize replacing the flooring on the first floor of the Taft building, as opposed to replacing the flooring in the entire building, and will reduce the number of windows to be replaced.

Prior CDBG Funding*

List any prior CDBG grants received for this project and include the following information:

- Source (Montgomery County or the City of Rockville)
- Year of the grant
- Grant amount
- Description of the activities funded

If your project has not received any CDBG funding, write in N/A.

N/A

Leveraging*

Have you applied for funding from other sources for this project?

No

Leveraging Details*

- If yes to the previous question, to what entities have you applied? Indicate whether the funding is approved, pending or denied.
- If no to the previous question, why haven't you applied for other funding?

Cornerstone Montgomery is prepared to apply for additional funding, but has not pursued other funding sources for this project at this time.

Leveraged Funds #1

For approved funds, provide a copy of each commitment or award letter.

Leveraged Funds #2

For approved funds, provide a copy of each commitment or award letter.

Leveraged Funds #3

For approved funds, provide a copy of each commitment or award letter.

Volunteer or In-kind Contributions

If you will use volunteers or in-kind contributions for this project, please explain how:

Long-term Sustainability*

Explain, in detail, your long-term sustainability plan for this project. If you are proposing rehabilitation or construction activities, describe your long-term operation and maintenance plans for the project, including your plan to keep the housing affordable for LMI households (i.e., source of subsidy). If you are proposing a program, describe your plan for operating this program once CDBG funds are no longer available.

Cornerstone Montgomery uses a comprehensive fundraising and outreach strategy to ensure a fiscally sound organization; and, also one committed to long-term sustainability. The organization's revenue is comprised of private and government grants, contracts, individual contributions, corporate sponsorships, individual contributions and in-kind support. In addition, Cornerstone's Board of Directors help to fundraise on behalf of the organization, and actively participate in critical development activities.

Cornerstone Montgomery recently went through its strategic planning process with stakeholders to identify priorities and goals for 2025-2027. One of the three identified priorities is to emphasize Infrastructure and Health. In order to position Cornerstone for long-term sustainability and scalability, leadership is committed to investing in strengthening infrastructure. This includes Cornerstone's building maintenance and safety. Leadership also recognizes that a strong and healthy infrastructure will help Cornerstone lead and remain competitive in preparation for possible CCBHC implementation in Maryland.

Furthermore, Cornerstone Montgomery continues to seek funding from individual donors, corporate partners and family foundations to support this project and other key initiatives including proceeds from an annual special event. Since fundraising is a portion of the sustainability required to maintain operations, Cornerstone Montgomery leverages relationships with other partners by co-locating offerings at different sites, using media for marketing efforts, and ensuring strong internal financial controls.

Key Staff and Partnerships

Key Staff Instructions: Provide the name and list of information below for each key staff person who is responsible for carrying out your program's CDBG action plan.

Name - Key Staff #1*

Marisa Gillum

Project Role - Key Staff #1*

List the following information about the staff member:

- Number of years with the organization
- Percentage of time to be devoted to the project
- Job responsibilities/experience relevant to proposed project

Marisa Gillum will serve as the Project Manager for this project, devoting 2% of her time. Ms. Gillum joined Cornerstone Montgomery in 2015 as the Chief Administrative and Compliance Officer and is responsible for

the overall management of an organization's administrative operations including compliance, facilities, IT, training, and legal matters. Ms. Gillum's extensive experience in nonprofit management spans program and administrative operations, government grants, and contract management.

Name - Key Staff #2

Project Role - Key Staff #2

List the following information about the staff member:

- Number of years with the organization
- Percentage of time to be devoted to the project
- Job responsibilities/experience relevant to proposed project

Name - Key Staff #3

Project Role - Key Staff #3

List the following information about the staff member:

- Number of years with the organization
- Percentage of time to be devoted to the project
- Job responsibilities/experience relevant to proposed project

Additional Staff

Provide a list of additional staff and their role for this project.

Partnerships*

Will you enter into a partnership with any other organization(s) to undertake this project?

No

Partnership Details

If "yes," please list the organization(s) and its contribution(s).

Experience and Organizational Capacity

Organization's Mission*

Describe your organization's mission and how the proposed project fits in with your organization's mission and current activities.

For over 50 years Cornerstone Montgomery has provided exceptional behavioral health services to individuals and families in need. At the heart of our work is our mission to "empower people living with mental health and substance use disorders to thrive in their community through collaboration, treatment, education, and advocacy."

Cornerstone Montgomery's approach to behavioral health is deeply rooted in a commitment to providing person-centered, recovery-focused care. This project requests funding for the replacement of deteriorating floors and windows in the Taft building, which is owned by Cornerstone Montgomery. The first floor of this building is rented to Interfaith Works to operate IWWC-Taft. IWWC-Taft serves 153 women annually, all of whom are homeless. The need for Cornerstone and IW services is increasing with more people looking for critical resources and assistance.

Organization's Founding Date*

List the date or year your organization was established.

1971

Number of Full-time Staff*

Number of full-time paid staff in your organization.

380

Number of Part-time Staff*

Number of part-time paid staff in your organization.

30

Organizational Chart*

Provide a copy of your current Organizational Chart.

ORG CHART.pdf

New Staff*

Will a consultant(s) or contract staff be hired to help implement the project?

No

Number of NEW Full-time Staff*

Number of new staff who will be hired to work on the project, if funded.

0

Number of NEW Part-time Staff*

Number of new staff who will be hired to work on the project, if funded.

0

New Staff - Details

If "yes," please explain the services the consultant or contract staff will offer (**NOTE:** If the project is funded, any subcontracts entered into are subject to approval by the City of Rockville Department of Housing and Community Development):

County or City Funding*

Do you currently receive, or are you applying for funding through other County or City agencies?

Yes

County or City Funding - Details

If "yes," provide information on the activity, the amount, and what agency:

Montgomery County Government Contracts include:

\$161,648 - Youth In Transition Program

\$202,556 - Housing Support

\$121,756 - Case Management

\$614,146 - Residential Rehabilitation Program for Adults

\$90,774 - HIP

\$174,496 - Outpatient Medical Clinic

Organization Budget*

Attach a copy of your organization's annual budget for the current year.

FY 2026 Budget Summary.xlsx

Organization Audit*

Attach a copy of the organization's most recent audit.

Draft FY23 Audited Combined Statements.pdf

Past Performance*

Have you received CDBG funds for a project of similar activities, size, and complexity in the past? (If no, skip next 3 questions)

No

Past Performance - Project Description

If yes to the "past performance" question, which project(s) and what year(s)?

Past Performance - Project Time

If yes to the "past performance" question, did you expend CDBG funds in a timely manner?

Past Performance - Project Goals

If yes to the "past performance" question, did you meet performance goals for the project?

Past Performance - Non-CDBG Projects

If No to the "past performance" question, describe a past project of similar activities, size, and complexity where your organization used local, state, or Federal funding. Describe whether you met expenditure deadlines, performance measures, and compliance requirements, such as Davis Bacon or Section 3.

In FY24, Cornerstone was awarded two Cost Sharing Capital Grants to support the renovation of the Knoll Hub and three Residential Rehabilitation Program (RRP) houses. These multi-year grants totaled over \$300,000.00, reflecting funders' confidence in Cornerstone's capacity to manage complex capital projects. Cornerstone successfully met all grant requirements and deadlines, demonstrating strong project management, accountability, and the ability to deliver impactful improvements to our facilities.

Application Certification and Signature

Application Certification*

"I certify that I have reviewed this application and that, to the best of my knowledge and belief, all of the information provided in this application is true."

In lieu of a signature, provide the name and title of an authorized representative.

Quincy Inman, Development and Communication Officer

File Attachment Summary

Applicant File Uploads

- 1. IRS Approval Letter_CMI.pdf
- Project Need Attachments.pdf
- CDBG Application Budget Form_Final.docx
- Floor and Window Proposal (1).pdf
- 2 Taft Ct Recorded Deed.pdf
- ORG CHART.pdf
- FY 2026 Budget Summary.xlsx
- Draft FY23 Audited Combined Statements.pdf



OGDEN UT 84201-0029

In reply refer to: 4077591934
Mar. 13, 2014 LTR 4168C 0
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00038000
BODC: TE

CORNERSTONE MONTGOMERY INC
6040 SOUTHPORT DR
BETHESDA MD 20814-1848



001463

Employer Identification Number: 52-0937199
Person to Contact: Ms. Wiles
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your Oct. 28, 2013, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in November 1971.

Our records also indicate that you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Please refer to our website www.irs.gov/eo for information regarding filing requirements. Specifically, section 6033(j) of the Code provides that failure to file an annual information return for three consecutive years results in revocation of tax-exempt status as of the filing due date of the third return for organizations required to file. We will publish a list of organizations whose tax-exempt status was revoked under section 6033(j) of the Code on our website beginning in early 2011.











CDBG Project Budget Form

ORGANIZATION NAME: Cornerstone Montgomery, Inc.

PROJECT NAME: Taft Building
Renovations

INSTRUCTIONS

Provide the total budget of the proposed CDBG project, subdivided by activity costs.

Request only the level of CDBG funding needed to carry out the project. The grant request must be sufficient either by itself or included with other proposed funding sources to assure effective administration and completion of the proposed project within the contract period.

List the allocation of CDBG funds among project costs in the Source 1 column and the allocation of other funding sources (as well as the name and amount of the source) in the other columns.

Only complete budget line items that apply to your project. Add additional rows, if needed. If your project has more than four sources, use a second sheet budget sheet.

CDBG Project Budget Form

Sources					
	Source 1	Source 2	Source 3	Source 4	Totals
Name of Source	CDBG				
<i>Is the source firmly committed? If yes, must provide award or commitment letter</i>		☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	
Amount	179,856				
Uses					
<i>Personnel</i>	Source 1: CDBG	Source 2:	Source 3:	Source 4:	Total
[List job title and salary]					
[List job title and salary]					
[List job title and salary – add more lines if needed]					
Fringe Benefits					
Personnel Total					
<i>Construction/ Rehabilitation</i>	Source 1: CDBG	Source 2:	Source 3:	Source 4:	Total
Acquisition					
Architectural, Planning, and Engineering					
Fees (permits, etc.)					
Professional Services					
Construction/rehab	179,856				
Demolition					
Other					
Other					
Other					
Construction/ Rehab Total	179,856				

<i>Program Operating Costs</i>	Source 1: CDBG	Source 2:	Source 3:	Source 4:	Total
Supplies					
Rent/Lease					
Insurance					
Printing					
Communications (Telephone, internet, etc.)					
Travel					
Other					
Other					
Prog. Operating Total					
Project Total	179,856				



Proposal

**Revised Date: 10/2/25
Date 9/28/23**

To: Cornerstone Montgomery

Re: Women's shelter

Job Site Address: 2 Taft Ct Rockville Md

Scope:

- Prep work to include movement of existing furniture to allow for new flooring.
- Ceramic tile throughout the shelter – 17,000 sqft.
- Replacement of 13 windows and re-caulking the new windows
- Materials and labor are included

- **Trash disposal, punch out, clean up and final clean.**

All work to be performed with minimum interference, Monday through Friday, between 8am to 6pm, unless specified in writing by customer.

LiaNova Solutions LLC can supply a Certificate of Insurance, if necessary, for this project. This scope of work/agreement incorporates all the covenants and understandings between the parties hereto concerning the subject matter hereof, and all such covenants, contracts, scopes of work and understandings have been merged into this written agreement. No prior

THIS DOCUMENT IS PROPRIETARY AND SHALL NOT BE REPRODUCED OR DISTRIBUTED WITHOUT PRIOR WRITTEN CONSENT FROM LiaNova Solutions LLC.

4133 Hayward Ave Baltimore MD 21215



contracts or understandings, verbal or otherwise of the parties or their agents shall be valid or enforceable unless embodied in this scope of work. Claims and requirements made in the attachments are binding unless replaced or superseded by statements or claims in the scope of work document, from which the attachments are referenced.

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4133 Hayward Ave Baltimore MD 21215



Exclusions

Change Orders

Changes to the scope of work may become necessary and both parties to this contract have the right to request changes to the original, agreed upon Scope of Work. Changes may take one of two forms. Where either your point-of-contact or LiaNova Solutions LLC is requesting a change, the request should be made in writing and submitted to the appropriate point-of-contact. If the requested change alters the base contract amount, LiaNova Solutions LLC will prepare a Change Order describing the requested change and the Dollar amount of the change. Upon authorization, LiaNova Solutions LLC will perform the work.

Where the change is requested in the field by your point-of-contact, the, LiaNova Solutions LLC lead technician will prepare a Field Change Order describing the requested change. An authorized signature must be obtained before work can be done. A copy will be given to your point-of-contact and, LiaNova Solutions LLC will price the change and include the amount as an adjustment to the base contract. LiaNova Solutions LLC will inform you as to the amount of the change.

Labor rates are quoted at standard daytime labor rates. If the customer requests overtime, weekend or evening rates, then it will require a change order. If Davis-Bacon or scale labor rates are required, then LiaNova Solutions LLC reserves the right to provide a new quotation. **LiaNova Solution may invoice for change orders separately or in conjunction with the primary invoice(s) at LiaNova Solutions option.**



Payment & Invoicing

- 1/3 payment is due at signing proposal.
- 1/2 payment is due at halfway completion.
- Final payment is due at turnkey.

If the Customer fails to make payment as established in this agreement and the Seller retains a collection agency and/or an attorney to collect any unpaid amounts, the Customer assumes full liability for all reasonable collection and/or legal fees. All discounts given are fully voided if the Customer fails to make payment as established in this agreement.

ACCEPTANCE:

- ♦ **WE PROPOSE** to furnish labor complete in accordance with above specifications for the sum of:

Windows cost \$ 18,758.00

Flooring cost \$ 161,098.00

10% contingent \$17,985.62

**One hundred & ninety-seven thousand and eight hundred band forty one dollars
with eighty-two cents \$197,841.82**

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WRITTEN CONSENT FROM LiaNova Solutions LLC.**

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Due to the rapidly escalating cost of many electrical and construction materials, LiaNova Solutions LLC. reserves the right to adjust the price of this proposal solely to reflect such cost increases

This quote is valid for 15 days, unless extended in writing by LiaNova Solutions LLC. LiaNova Solutions LLC reserves the right to adjust the quoted price based on market fluctuations for materials purchased after 15 days from date of acceptance.

In no event shall LiaNova Solutions LLC be responsible for any indirect, incidental, special or consequential damages including loss of profits, revenue and/or data incurred by either party to this agreement or any third party resulting from the usage of products or services supplied under this purchase order.

If you have any questions or concerns about this *Proposal*, please call me for *Technical Issues* please contact:

Hector Jimenez
Owner/Operations Manager
Cell:301-357-4317
Email: hrj@lianovasolutions.com

THIS DOCUMENT IS PROPRIETARY AND SHALL NOT BE REPRODUCED OR DISTRUTED WITHOUT PRIOR WRITTEN CONSENT FROM LiaNova Solutions LLC.

4133 Hayward Ave Baltimore MD 21215



On behalf of LiaNova Solutions, I appreciate the opportunity to provide an electrical solution to Cornerstone Montgomery.

Very truly
yours,

Hector R Jimenez

**THIS DOCUMENT IS PROPRIETARY AND SHALL NOT BE REPRODUCED OR DISTRUTED WITHOUT PRIOR
WRITTEN CONSENT FROM LiaNova Solutions LLC.**

4133 Hayward Ave Baltimore MD 21215



ACCEPTED. The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

By signing this agreement, you acknowledge that you have read, understand, and agree to the terms and conditions stated in this proposal. You also acknowledge that you have the authority to execute this agreement and agree to these terms and conditions on behalf of the corporate entity referenced in this Proposal.

Company Name_____

Signature _____

Printed Name_____

Title_____

Date of Acceptance_____

Purchase Order #_____

LiaNova Solutions Quote No. 2-2023-taft-002

THIS DOCUMENT IS PROPRIETARY AND SHALL NOT BE REPRODUCED OR DISTRIBUTED WITHOUT PRIOR WRITTEN CONSENT FROM LiaNova Solutions LLC.

4133 Hayward Ave Baltimore MD 21215

52123 457

①

Property: 2 Taft Court, Rockville,
Montgomery County, Maryland 20850
Parcel Identification Number: 04-0201-03724405

MONTGOMERY COUNTY, MDAPPROVED BY ke

MAY 27 2016

Title Insurer: First American Title Insurance Company

\$ 39,450.00 RECORDATION TAX PAID
\$ EXEMPT TRANSFER TAX PAID

SPECIAL WARRANTY DEED

THIS **SPECIAL WARRANTY DEED** (this "**Deed**"), is made this 26th day of May, 2016, by and between **1 & 2 TAFT LLC**, a Maryland limited liability company (the "**Grantor**"), having a mailing address of Post Office Box 126, Great Falls, Virginia 22066, and **CORNERSTONE MONTGOMERY, INC.**, a Maryland corporation (the "**Grantee**"), having a mailing address of 6040 Southport Drive, Bethesda, Maryland 20814.

WITNESSETH, that in consideration of **Four Million One Hundred Thousand and No/100 Dollars (\$4,100,000.00)**, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor does hereby GRANT, BARGAIN, SELL and CONVEY, with Special Warranty, unto Grantee its successors and assigns, in fee simple, the parcels of land located in Montgomery County, Maryland, described on **Exhibit A** attached hereto and incorporated herein by reference.

TOGETHER with all building, fixtures and other improvements located in or on such parcel of land; and

TOGETHER with all easements, rights-of-way, appurtenances, licenses and privileges belonging or appurtenant to such land; and

TOGETHER with all mineral, gas, oil and water rights, sewer rights, utility rights, and development rights now or hereafter allocated or allocable to such land; and

TOGETHER with all right, title and interest of Grantor in and to any land lying on the bed of any street, road, avenue or alley, open or closed, in front of, adjoining or servicing the above-described real property, including condemnation awards or payments in lieu thereof as a result of a change of grade, alignment or access rights.

TO HAVE AND TO HOLD all of the aforesaid property (the "**Property**") unto the use and benefit of Grantee, its successors and assigns, in fee simple forever.

This conveyance is expressly made subject to easements, covenants, conditions and restrictions of record.

GRANTOR HEREBY COVENANTS that it will warrant specially the Property; and that it will, on demand of the Grantee, its successors and assigns, execute any

PLEASE RETURN TO
Lerch, Early & Brewer, Chartered
3 Bethesda Metro Center, Suite 460
Bethesda, Maryland 20814-5367
Attn: Judith A. Hill, Paralegal

2016 MAY 27 AM 8:51

FILED
CLERK OF COURT
RECORDS OFFICE
MONTGOMERY CO. MD

IMP FD SURE 40.00
RECORDING FEE 20.00
NOTARIAL FEE 20.500.00
1814; and 20,560.00
Rec'd MD 6 Rec'd 4 73951
BWM CA BWM 4 7217
MAY 27 2016 08:48 am

instrument reasonably necessary for the further assurance of the title to the Property that may be required.

AND, the undersigned hereby certifies under the penalties of perjury that the actual consideration paid or to be paid for the foregoing conveyance, including the amount of any mortgage or deed of trust assumed by the Grantee is in the amount of \$4,100,000.00.

WITNESS our hands and seals the day and year first above written.

GRANTOR:

1 & 2 TAFT LLC,
a Maryland limited liability company

Witness:



BY:

Robert S. Borris, Authorized Person

(SEAL)

STATE OF MARYLAND :

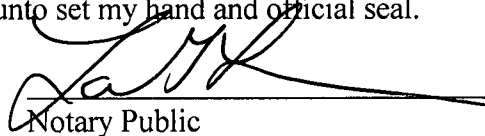
ss:

COUNTY OF MONTGOMERY :

I HEREBY CERTIFY THAT on this 23rd day of May, 2016, before the undersigned, a Notary Public of the State and County aforesaid, personally appeared **Robert S. Borris**, who acknowledged himself to be the Authorized Person of **1 & 2 Taft LLC**, a Maryland limited liability company, and that he, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

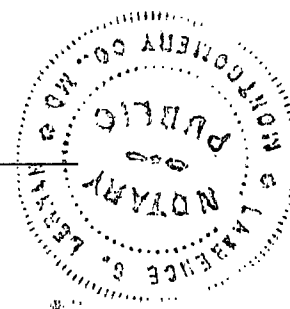
(SEAL)



Notary Public

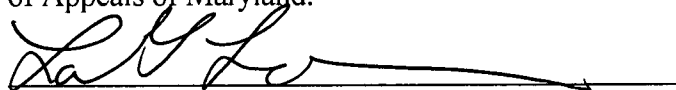
MY COMMISSION EXPIRES:

9-8-2017



52123 459

I HEREBY CERTIFY that this instrument was prepared by or under the supervision of the undersigned, an attorney duly admitted to practice before the Court of Appeals of Maryland.



Lawrence G. Lerman, Attorney

AFTER RECORDATION, PLEASE RETURN TO:

Judith A. Hill, Paralegal

Lerch, Early & Brewer, Chartered

3 Bethesda Metro Center, Suite 460

Bethesda, Maryland 20814

301-986-1300

File No. 34200.008\LGL

EXHIBIT A**LEGAL DESCRIPTION**

Lot numbered 4-B in Block lettered "A" as per Plat entitled "**Ownership Plat Lots 4-A and 4-B, Block "A", an Ownership Plat of Lot 4, Block "A", Red Gate Industrial Park**", duly recorded among the Land Records of Montgomery County as Plat No. 24625, being part of Lot numbered Four (4) in Block lettered "A" in the subdivision known as "**Red Gate Industrial Park**", as per plat thereof duly recorded among the Land Records of Montgomery County in Plat Book 102, Plat 11503.

Together With the benefit of an easement established by Deed of Easement and Right of Way and Declaration of Covenants dated December 7, 1982, and recorded among the Land Records of Montgomery County in Liber 6029, folio 398 between The Mayor and City Council of Rockville and William M. Rickman.

Property: 2 Taft Court, Rockville,
Montgomery County, Maryland 20850
Parcel Identification Number: 04-0201-03724405

MARYLAND
FORM
WH-AR

Certification of Exemption from Withholding Upon
Disposition of Maryland Real Estate Affidavit of
Residence or Principal Residence

52123 461 2016

Based on the certification below, Transferor claims exemption from the tax withholding requirements of §10-912 of the Tax-General Article, Annotated Code of Maryland. Section 10-912 provides that certain tax payments must be withheld and paid when a deed or other instrument that effects a change

in ownership of real property is presented for recordation. The requirements of §10-912 do not apply when a transferor provides a certification of Maryland residence or certification that the transferred property is the transferor's principal residence.

1. Transferor Information

Name of Transferor 1 & 2 Taft LLC, a Maryland limited liability company

2. Reasons for Exemption

Resident Status

☐

I, Transferor, am a resident of the State of Maryland.

☒

Transferor is a resident entity as defined in Code of Maryland Regulations (COMAR)03.04.12.02B(11), I am an agent of Transferor, and I have authority to sign this document on Transferor's behalf.

Principal Residence

☐

Although I am no longer a resident of the State of Maryland, the Property is my principal residence as defined in IRC 121 (principal residence for 2 (two) of the last 5 (five) years) and is currently recorded as such with the State Department of Assessments and Taxation.

Under penalty of perjury, I certify that I have examined this declaration and that, to the best of my knowledge, it is true, correct, and complete.

3a. Individual Transferors

Witness

Name

Signature

3b. Entity Transferors

Witness/Attest

1 & 2 Taft LLC

Name of Entity

By

Robert S. Borris

Name

Authorized Person

Title

State of Maryland Land Instrument Intake Sheet

| | City | X | County: Montgomery

Information provided is for the use of the Clerk's Office and State Department of Assessments and Taxation, and the County Finance Office only.
(Type or Print in Black Ink Only All Copies Must Be Legible)

1	Type(s) of Instruments	☐ Check Box if Addendum Intake Form is Attached.)			
		1 Deed	Mortgage	3 Fin Statemts (2)	Other
2	Conveyance Type Check Box	X Improved Sale	Unimproved Sale	Multiple Accounts	Not an Arms-
		Arms-Length [1]	Arms-Length [2]	Arms Length [3]	Length Sale [9]
3	Tax Exemptions (if Applicable)	Recordation			
		State Transfer			
Cite or Explain Authority		County Transfer	§52-24(a)(1)(A); approved by Scott Foncannon, Esquire		

4	Consideration and Tax Calculations	Consideration Amount		Finance Office Use Only	
		Purchase Price/Consideration	\$ 4,100,000.00	Transfer and Recordation Tax Consideration	
		Any New Mortgage	\$ 7,500,000.00	Transfer Tax Consideration	\$
		Balance of Existing Mortgage *	\$ 1,112,902.54	X () %	\$
		*As to 1370 Lamberton Drive Only	\$	Less Exemption Amount	\$
		Other:	\$	Total Transfer Tax	\$
		Full Cash Value	\$.00	Recordation Tax Consideration	\$
			X () per \$500	\$	
			TOTAL DUE	\$	

5	Fees	Amount of Fees	Doc. 1	Doc. 2	Agent: Tax Bill: C.B. Credit: Ag. Tax/Other:
		Recording Charge	\$ 20.00	\$ 75.00	
		Surcharge	\$ 40.00	\$ 40.00	
		State Recordation Tax	\$ 39,450.00	\$	
		State Transfer Tax	\$ 20,500.00	\$	
		County Transfer Tax	\$ Exempt	\$	
		Other	\$	\$	
		Other	\$	\$	

6	Description of Property SDAT requires submission of all applicable information. A maximum of 40 characters will be indexed in accordance with the priority cited in Real Property Article Section 3-104(g)(3)(i).	District	Property Tax ID No.(1)	Grantor Liber/Folio	Map	Parcel No.	Var. LOG	
		04-0201	03724405	22133-360			[] (5)	
		Subdivision Name		Lot (3a)	Block(3b)	Sect/AR(3c)	Plat Ref.	SqFt/Acreage(4)
		Red Gate Industrial Park Ownership Lot		4B	A			
		Location/Address of Property Being Conveyed (2)						
		2 Taft Court, Rockville, Maryland 20850; Deed of Trust Only: 1370 Lamberton Dr Silver Spring, MD PIN: 13-0001-03501501						
		Other Property Identifiers (if applicable)				Water Meter Account No.		
		Residential or Non-Residential X		Fee Simple X or Ground Rent		Amount:		
		Partial Conveyance? Yes X No		Description/Amt. of SqFt/Acreage Transferred:				

7	Transferred From	Doc. 1 - Grantor(s) Name(s)		Doc. 2 - Grantor(s) Name(s)	
		1 & 2 Taft LLC		Cornerstone Montgomery, Inc.	
		Doc. 1 - Owner(s) of Record, if Different from Grantor(s)		Doc. 2 - Owner(s) of Record, if Different from Grantor(s)	

8	Transferred To	Doc. 1 - Grantee(s) Name(s)		Doc. 2 - Grantee(s) Name(s)	
		Cornerstone Montgomery, Inc.		Lisa Jones and Vanessa Dalton, Trustees	
		New Owner's (Grantee) Mailing Address			
6040 Southport Drive, Bethesda, Maryland 20814					

9	Other Names to Be Indexed	Doc. 1 - Additional Names to be Indexed (Optional)		Doc. 2 - Additional Names to be Indexed (Optional)	
				Wells Fargo Bank, National Association	
				Montgomery County, Maryland	

10	Contact/Mail Information	Instrument Submitted By or Contact Person			☒ Return to Contact Person
		Name: Judith A. Hill, Paralegal			☐ Hold for Pickup
		Firm: Lerch, Early & Brewer, Chartered			
		Address: 3 Bethesda Metro Center, Suite 460, Bethesda, Maryland 20814			
		Phone: 301-986-1300			☐ Return Address Provided

11 IMPORTANT: BOTH THE ORIGINAL DEED AND A PHOTOCOPY MUST ACCOMPANY EACH TRANSFER						
Assessment Information	Yes	X No	Will the property being conveyed be the grantee's principal residence?			
	Yes	X No	Does transfer include personal property? If yes, identify:			
	Yes	X No	Was property surveyed? If yes, attach copy of survey (if recorded, no copy required)			
Assessment Use Only - Do Not Write Below This Line						
☐ Terminal Verification ☐ Agricultural Verification ☐ Whole ☐ Part ☐ Tran. Process Verification						
Transfer Number:		Date Received:		Deed Reference:		Assigned Property No.:
Year	19	19	Geo.	Map	Sub	Block
Land			Zoning	Grid	Plat	Lot
Buildings			Use	Parcel	Section	Occ. Cd.
Total			Town Cd.	Ex. St.	Ex. Cd.	
REMARKS:						



Cari Guthrie

President & CEO

- Quincy Inman- Director of Development & Communications
 - Shane Senior- Marketing & Communication Manager
 - Maggie Sugrue- Grants & Fundraising Specialist
- Liza Gatti- HR Director
 - Nicole Kumi- Training Manager
 - Latha Unnithan- Payroll Manager
 - Stacey Teig- HR Manager
 - Monica Costa- HR Generalist/ Benefits Specialist
 - Erin Gallagher- HR Coordinator
 - Kate Little & VACANT- HR Specialist/ Recruiters
- Stan Estremsky- Chief Financial Officer
 - Rush Cox- Finance Director: Reporting & Analysis
 - Jo-Ann Tanagras- A/R Specialist
 - Maureen Schriber- A/P Specialist
 - Susan Wilkoff- Billing Director
 - Jo-Ann Tanagras- A/R Specialist
 - Michael Ostrowski- Billing Manager
 - Duang Pothier- Billing Supervisor
 - 2 Billing Specialist
 - John Koenig- Billing Supervisor
 - 2 Billing Specialist
 - Subash Luitel- Finance Director
 - Yun Qian- Accouring Manager
 - Hanni Sastra- A/P Accountant
- Marissa Gillum- Chief Admin Officer/ Chief Compliance Officer
 - Ben Hendricks
 - Farhad Razavi- IT Manager
 - Giorgio Gatti & Minh-Tu Nguyen – IT Specialist
 - Jake Schans
 - Shannon Anderson- Property Manager
 - 4 Environmental Techs
 - Wilfreda Long- Operations Manager
 - 5 Maintenance Techs

- Ernest Kumi- Quality Assurance Director
 - Meseret Birhanu- Data Manager
 - Jaene Wilson- Client Outcomes Specialist
 - Alex Molina- EHR Manager
 - Dottie Stewart- Quality Assurance Specialist
 - Liam Semanyk- EHR Specialist
- Alex Knoll
 - Maggie Sugrue- Executive Assistant
 - Chris Roldan, Diana Alvarez & VACANT- Admin Coordinators
- Lisa Katz- Chief Program Officer
 - Alex Dudley- TAYS Director
 - Molly Brado- TAYS Manager
 - Molly Archibald- YIT Supervisor
 - Ashley Westmoreland- TAY PRP
 - Elisa Torres- CAPS Supervisor
 - Riley Garland – CTP Supervisor
 - Anne Peyer- Vocational & Community Based Services Director
 - Kevin Hansen- Voc1 Program Manager/ CCBHC Director
 - VACANT- EFC1 Supervisor
 - Saraiah Rodriguez Rust- SET1 Supervisor
 - Emily Setzler- Studio In-Sight
 - Vishal Joshi- Workforce Development Supervisor
 - Lauren Abernethy- EFC3 Supervisor
 - Julia Schorr- Voc2 Supervisor
 - Tiffany Laredo- EFC2 Supervisor
 - Victoria Lafluer- Community Entitlements
 - Fransisco Abate- SET2 Supervisor
 - Vlad Muslimnov- EFC4 Supervisor
 - Orie Snider- Community Based Program Manager
 - Andrew Fier- Horizon Run Supervisor
 - Marissa Dreisch- Bethington Supervisor
 - Carolina Kalfoglou- MCCM Supervisor
 - Stephanie Lyvers- Knoll Foundations Supervisor
 - Dwayne Johnson- Southport Foundations Supervisor
 - Alex George- Residential & Intake Services Director
 - Terry Reed, Latsaha Burrell, Keith Ellis- Entitlements Supervisor
 - Lauren Brown- Rehab 1 Program Manager
 - Rithy Palacios- Paint Branch Supervisor
 - Tish Solomon- Adrienne/ Chadwick Supervisor
 - Shalita Morris- Arcola, Houston, University, DBT Supervisor
 - Ana Reyes- Bel Pre Supervisor
 - Barbara Allen- Rehab 2 Program Manager
 - Sarah Stuppi- Halpine Supervisor
 - Ed Naylor- ITCOD Supervisor

- Bill Marshall- RRP Manager
 - Mitchell Wilson- Southport/ Petit Supervisor
 - Sally Kargbo- Germantown Supervisor
 - VACANT- Waterside Supervisor
- Helen Gillespie- Intake Manager
 - 3 MOCO Intake Coordinators
 - 2 SM Intake Coordinators
 - RCS Intake Coordinator
- Maegan Sapienza- Crisis Director
 - Devie Phips- ACT MC Manager
 - ACT RNs
 - ACT Therapists
 - ACT Prescribers
 - Sarah Lanzi- ACT MC Supervisor
 - ACT Team Admin
 - ACT Case Managers
 - ACT Housing Specialists
 - ACT Counselors
 - Rachel Adams- RCS Manager
 - Samaria Lowe- Granby RCS Supervisor
 - Emirror Baker- Layhill RCS Supervisor
 - Patricia Keefer- Porter House Supervisor
 - Matthew Cosca- RCS RN
 - Chynwe Ahumaraeze- RCS Prescriber
 - Michelle Walter- ACT SM Manager
 - 7 ACT Staff
- Janeen Collinson- SoMD Director
 - Liz Cobb- SM RRP/PRP Manager
 - Alicia Coates- RRP Supervisor
 - Miriam Witzl- Calvert County PRP Supervisor
 - 5 PRP Staff
 - Jan Lidh- St Mary's and Charles County PRP Supervisor
 - 4 PRP Staff
 - Jakeeta Fitzgerald- RRP Supervisor
 - Sierra Ringley- IHIP-C Manager
 - On-Site Admin IHP-C
 - Amanda Jackson- Youth Crisis Response Specialist
 - Brea Butler-Estep- Vocational Program Manager
 - 1 Site Coordinator
 - County Staff
 - Rebecca Sweeny- TCM Program Manager
 - Kelvin Aguilar- St. Marys TCM Supervisor
 - Tiffany Bench- Charles & Calvert TCM Supervisor
- Joy Chang- Chief Medical Officer

- Karina Campbell- Clinic Director
 - Veronica Iriarte- Taft Clinic Office Manager
 - Taft Clinic Admins
 - Clinic Engagement Specialist
 - David Peet- Taft Clinic Program Manager
 - Taft Therapists
 - Rodrigo Espinosa Woolcott- Southport Clinic Office Manager
 - Southport Clinic Admins
 - Dr. John Danna- Southport Clinic Program Manager
 - Southport Therapists
 - Mayra Amador- Knoll Clinic Office Manager
 - Knoll Clinic Admins
 - Shana Mizzer- Knoll Clinic Program Manager
 - Knoll Therapists
 - Child & Adolescents Case Manager/ Education Specialist
- Stephanie Solazzo- Psychiatric Clinic Lead
 - Southport, Prescribers, Psychiatrists and Nurse Practitioners
 - Taft, Prescribers, Psychiatrists and Nurse Practitioners
 - Knoll Prescribers, Psychiatrists and Nurse Practitioners
- David Bridges- Nursing & Health Homes
 - Loretta Claye- Nurse Care Manager
 - Jae-Hoon Kim- Health Homes Nurse Practitioner Consultant
 - Jalika Bah- Integrated Health RN
 - 4 CNAs
 - Health Homes Administrative Assistant
 - Matthew Cosca- RCS RN
 - Dawn Zambrano- Clinic Nurse Management
 - 3 Clinic LPNs

CORNERSTONE MONTGOMERY
FY26budget

FY 2026

BUDGET

Income

4100	Individual contributions	100,000
4200	Special events	40,000
4300	Foundation/trust grants	270,000
4400	Federal Contracts/Grants	848,334
4500	State and County Contracts/Grants	2,496,349
4600	Program Services Contracts	0
5010	Clinic Revenue	2,796,705
5015	ACT Revenue	3,000,103
5020	Crisis Revenue	2,687,251
5030	Targeted Case Management	1,879,659
5100	Resid Rehab Case Rates	12,292,009
5110	Resid Supported Living	103,891
5120	SSI/SSDI Payments	2,346,747
5130	Residential Earned Income	47,200
5150	Private Pay Fees	0
5200	Supported Living/Day Programs	3,901,228
5300	SEP Psych Rehab Case Rates	815,042
5310	SEP Extended	1,405,787
5320	SEP Preplacements	173,985
5330	SEP Job Placements	284,919
5340	SEP Clinical Coordination	849,492
5345	DORS Job Stability M4	28,400
5350	DORS Benefits Counseling	77,264
5355	DORS Job Development M1	295,200
5360	DORS Job Coaching M2	155,200
5365	DORS Job Retention M3	62,400
5370	DORS DORS Quality Incentive	500
5375	Ticket to Work	11,000
5400	Perm Supported Housing Rent	51,500
5410	Studio In-Sight Sales	1,000
5420	External Training Revenue	1,400
5430	Other Program Fees	0
5500	Tenant Rent Income	370,214
5540	HUD Property Mgmt Fees	68,963

5600	Miscellaneous revenue	3,400
Total Income		37,465,142
Expense		
6000	Salaries	23,083,159
6010	Overtime	216,900
6020	Substitutes	80,000
6030	On Call	106,600
6040	Holiday Overtime	0
6050	Contract Employees	0
6100	Health Insurance	2,412,243
6110	Retirement contributions	275,739
6120	Workman's Comp	101,298
6130	Employer FICA	1,762,802
6140	Unemployment	72,573
6200	Employee Cell Phone	236,017
6210	Mileage	279,435
6220	Recruitment and Retention	163,000
6230	Temporary help	5,000
6240	Training	190,003
6250	Other Staff Related Expenses	43,710
7000	Mortgage Interest	190,537
7020	Condo Fee	71,028
7030	Rent	1,201,122
7100	Electric	345,416
7110	Gas	31,805
7120	Water	62,494
7130	Refuse	81,059
7200	Cleaning	139,037
7210	Repairs and maintenance	1,415,898
7220	Pest control	28,472
7230	Service contracts	300,234
7300	Real Property Tax	47,000
8000	Accounting & Audit	136,000
8010	Legal	70,000
8020	Marketing/Publicity	12,990
8025	Special Events expense	45,284
8030	Professional Fees	246,861
8100	Copying/Printing	8,340
8110	Postage	27,519

8120	Supplies	403,637
8200	Bad Debt Expense	150,000
8210	Capital Lease Interest Expense	14,813
8220	Equipmt rental and maint	95,439
8230	Licenses & Fees	765,329
8300	Communications	333,266
8310	Insurance	536,726
8320	Memberships	49,945
8330	Vehicle Maintenance/Gas	153,849
8400	Consumer Needs	53,906
8410	Consumer Work Trials	200
8420	Food	146,125
8430	Residential Allowances	372,898
8440	Artwork Commission	300
8450	Sales Tax Paid	0
8455	Bank Service Fees & Interest Exp	36,500
8460	Recreation	0
8520	Amortization - B&I	732,761
8540	Depreciation - FF&E	70,409
8560	Depreciation - Vehicles	59,465
8800	Miscellaneous expense	0
8600	Direct Program Costs Allocation	0
Total Expense		37,465,143
Net Income before direct cost allocations		(0)
Gross Margin (after Facilities Allocation)		(0)
Other Allocations		
	SAMSHA Costs to Clinic	-
	Admin Allocation (Based on revenues)	(0)
Profit(Loss) after Allocations		(0)

FY25		FY26 Budget	
Actual Projection		vs	%
Mar-25	Based on March YTD	FY25 Actual	Change
71,508.00	95,344	4,656	4.88%
0.00	-	40,000	0.00%
20,125.00	26,833	243,167	906.21%
707,788.00	943,717	(95,383)	-10.11%
1,491,237.00	1,988,316	508,033	25.55%
444,498	592,664	(592,664)	
1,597,829.00	2,130,439	666,266	31.27%
1,637,496.00	2,183,328	816,775	37.41%
1,853,798.00	2,471,731	215,520	8.72%
1,115,782.00	1,487,709	391,950	26.35%
8,773,098.00	11,697,464	594,545	5.08%
20,869.00	27,825	76,066	273.37%
1,735,771.00	2,314,361	32,386	1.40%
60,740.00	80,987	(33,787)	-41.72%
-	-	-	
2,922,260.00	3,896,347	4,881	0.13%
645,351.00	860,468	(45,426)	-5.28%
1,041,834.00	1,389,112	16,675	1.20%
140,526.00	187,368	(13,383)	-7.14%
176,286.00	235,048	49,871	21.22%
577,639.00	770,185	79,307	10.30%
57,540.00	76,720	(48,320)	-62.98%
54,180.00	72,240	5,024	6.95%
272,640.00	363,520	(68,320)	-18.79%
83,600.00	111,467	43,733	39.23%
44,800.00	59,733	2,667	4.46%
1,200.00	1,600	(1,100)	-68.75%
23,077.00	30,769	(19,769)	-64.25%
58,584.00	78,112	(26,612)	-34.07%
518.00	691	309	44.79%
1,050.00	1,400	0	0.00%
435.00	580	(580)	-100.00%
282,175.00	376,233	(6,019)	-1.60%
62,161.00	82,881	(13,919)	-16.79%

56,455.00	75,273	(71,873)	-95.48%
26,032,850	34,710,467	2,754,676	7.94%
-	-	-	
15,939,229.00	21,252,305	1,830,854	8.61%
449,720.00	599,627	(382,727)	-63.83%
280,793.00	374,391	(294,391)	-78.63%
65,868.00	87,824	18,776	21.38%
0.00	-	-	
0.01	0	(0)	-100.00%
1,718,259.00	2,291,012	121,231	5.29%
203,696.00	271,595	4,145	1.53%
77,555.00	103,407	(2,108)	-2.04%
1,202,519.00	1,603,359	159,443	9.94%
51,796.00	69,061	3,512	5.08%
214,975.00	286,633	(50,616)	-17.66%
224,058.00	298,744	(19,309)	-6.46%
86,490.00	115,320	47,680	41.35%
28,021.00	37,361	(32,361)	-86.62%
75,334.00	100,445	89,558	89.16%
14,909.00	19,879	23,831	119.88%
130,710.00	174,280	16,257	9.33%
53,330.00	71,107	(79)	-0.11%
920,501.00	1,227,335	(26,213)	-2.14%
248,277.00	331,036	14,380	4.34%
34,449.00	45,932	(14,127)	-30.76%
50,263.00	67,017	(4,523)	-6.75%
58,513.00	78,017	3,042	3.90%
102,880.00	137,173	1,864	1.36%
382,698.00	510,264	905,634	177.48%
20,335.00	27,113	1,359	5.01%
154,978.00	206,637	93,596	45.29%
54,069.00	72,092	(25,092)	-34.81%
68,933.00	91,911	44,089	47.97%
37,084.00	49,445	20,555	41.57%
9,718.00	12,957	33	0.25%
10,681.00	14,241	31,043	217.98%
216,670.00	288,893	(42,032)	-14.55%
1,272.00	1,696	6,644	391.75%
16,042.00	21,389	6,130	28.66%

309,978.00	413,304	(9,667)	-2.34%
100,000.00	133,333	16,667	12.50%
2,847.00	3,796	11,017	290.23%
67,893.00	90,524	4,915	5.43%
473,850.00	631,800	133,529	21.13%
250,714.00	334,285	(1,020)	-0.31%
424,103.00	565,471	(28,745)	-5.08%
52,776.00	70,368	(20,423)	-29.02%
110,631.00	147,508	6,341	4.30%
33,997.00	45,329	8,576	18.92%
251.00	335	(135)	
137,873.00	183,831	(37,706)	-20.51%
282,518.00	376,691	(3,793)	-1.01%
188.00	251	49	19.68%
0.00	-	-	#DIV/0!
50,720.00	67,627	(31,127)	-46.03%
3,290.00	4,387	(4,387)	-100.00%
543,560.00	724,747	8,014	1.11%
48,377.00	64,503	5,907	9.16%
25,082.00	33,443	26,022	77.81%
(109,463.00)	(145,951)	145,951	-100.00%
-	-	0	
26,013,810	34,685,080	2,780,063	8.02%
19,040	25,387	(25,387)	
19,040	25,387	(25,387)	

offset

offset

Capital Grant non operating for projection

Capital Grant non operating for projection

SAMSHA

gain on sale of Summer City and lease pick up

includes capital budget not spent in current year

fleet

5 new vehicles
leases recoveries

CORNERSTONE MONTGOMERY, INC.

**FINANCIAL STATEMENTS AND
UNIFORM GUIDANCE REPORTS**

YEARS ENDED JUNE 30, 2023 AND 2022

CORNERSTONE MONTGOMERY, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

CORNERSTONE MONTGOMERY, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Cornerstone Montgomery, Inc.
Rockville, Maryland

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Cornerstone Montgomery, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 Cornerstone Montgomery, Inc., as of June 30, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Cornerstone Montgomery, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matters

Adoption of Accounting Standard

As discussed in Note 1 to the financial statements, management has adopted the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02: *Leases*. Our opinion is not modified with regard to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Cornerstone Montgomery, 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' Responsibilities 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 GAAS and *Government 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 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 GAAS and *Government 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 Cornerstone Montgomery, 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 Cornerstone Montgomery, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements as a whole. The Quarterly Reports for the Quarter ending June 30, 2023, to the Department of Health and Mental Hygiene Human Service (DHMH 438 Reporting Requirement) and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated Report Date, on our consideration of Cornerstone Montgomery, Inc.'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 solely 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 the effectiveness of Cornerstone Montgomery, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cornerstone Montgomery, Inc.'s internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Arlington, Virginia
Report Date

INDEPENDENT AUDITORS' REPORT

Board of Directors
Cornerstone Montgomery, Inc.
Rockville, Maryland

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Cornerstone Montgomery, Inc., which comprise the statement of financial position as of June 30, 2023 and 2022, 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 Cornerstone Montgomery, Inc. as of June 30, 2023 and 2022, and the changes in their net assets and their 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 (GAAS). 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 Cornerstone Montgomery, 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.

Other Matters

Adoption of Accounting Standard

As discussed in Note 1 to the financial statements, management has adopted the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02: *Leases*. Our opinion is not modified with regard to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Cornerstone Montgomery, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities 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 GAAS 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 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 Cornerstone Montgomery, 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 Cornerstone Montgomery, 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 audits.

CliftonLarsonAllen LLP

Arlington, Virginia
Report Date

CORNERSTONE MONTGOMERY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,495,722	\$ 1,680,771
Accounts Receivable from Contracts With Customers, Net of Allowance for Doubtful Accounts of \$500,750 and \$135,750	6,698,547	6,721,894
Contributions and Grants Receivable, Net of Discount of \$1,840 and \$4,458	101,826	99,208
Due from Related Parties	383,007	234,759
Deferred Lease Incentive	76,365	76,365
Prepaid Expenses	255,803	155,954
Total Current Assets	<u>9,011,270</u>	<u>8,968,951</u>
 PROPERTY AND EQUIPMENT		
Land	2,732,570	1,910,201
Buildings and Improvements	26,267,471	22,885,094
Furniture, Fixtures, and Equipment	1,325,605	1,402,433
Constructions in Progress	119,222	34,891
Vehicles	132,600	486,823
Total Property and Equipment	<u>30,577,468</u>	<u>26,719,442</u>
Accumulated Depreciation and Amortization	<u>(9,785,800)</u>	<u>(9,407,827)</u>
Net Property and Equipment	<u>20,791,668</u>	<u>17,311,615</u>
 OTHER ASSETS		
Investments, Designated for Operating Reserves	1,930,611	1,770,459
Investments, Restricted for Joan Clement Endowment Fund	279,210	257,873
Deferred Rent and Lease Incentive	937,876	990,291
Deposits and Other Assets	630,797	704,196
Right of Use Asset - Finance Leases	510,379	-
Right of Use Asset - Capital Leases	1,021,984	-
Total Other Assets	<u>5,310,857</u>	<u>3,722,819</u>
 Total Assets	<u><u>\$ 35,113,795</u></u>	<u><u>\$ 30,003,385</u></u>

See Accompanying Notes to Financial Statements.

CORNERSTONE MONTGOMERY, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2023 AND 2022

LIABILITIES AND NET ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	2,010,273	\$ 1,517,586
Deferred Revenue	43,823	37,358
Capital Lease	-	37,571
Lease Liability - Finance, Current Portion	163,644	-
Lease Liability - Operating, Current Portion	121,177	-
Due to Third-Party Payor	544,597	1,325,922
Notes Payable	17,500	17,500
Mortgages Payable	138,563	153,652
Bonds Payable	219,834	212,556
Total Current Liabilities	<u>3,259,411</u>	<u>3,302,145</u>
LONG-TERM LIABILITIES		
Deposits and Other Liabilities	22,718	12,728
Accrued Interest	116,223	108,843
Participation Liability	812,569	719,970
Notes Payable	169,631	179,611
Capital Lease	-	66,069
Lease Liability - Finance, Net of Current Portion	310,626	-
Lease Liability - Operating, Net of Current Portion	905,170	-
Mortgages Payable	1,426,454	1,206,567
Bonds Payable	3,094,854	3,305,856
Total Long-Term Liabilities	<u>6,858,245</u>	<u>5,599,644</u>
Total Liabilities	10,117,656	8,901,789
NET ASSETS		
Without Donor Restrictions:		
Undesignated	22,581,589	18,751,863
Designated by Board of Directors	1,930,611	1,770,459
Total Without Donor Restrictions	<u>24,512,200</u>	<u>20,522,322</u>
With Donor Restrictions:		
Restricted Due to Purpose and Time	283,939	379,274
Perpetual in Nature	200,000	200,000
Total With Donor Restrictions	<u>483,939</u>	<u>579,274</u>
Total Net Assets	<u>24,996,139</u>	<u>21,101,596</u>
Total Liabilities and Net Assets	<u>\$ 35,113,795</u>	<u>\$ 30,003,385</u>

See Accompanying Notes to Financial Statements.

CORNERSTONE MONTGOMERY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restricted	Total
REVENUES AND SUPPORT			
Intensive and Specialty Services	\$ 17,877,478	\$ -	\$ 17,877,478
Community Services	5,028,652	-	5,028,652
Clinical and Medical Services	2,661,209	-	2,661,209
Other Fees for Services	98,144	-	98,144
Grants and Contributions	7,422,359	-	7,422,359
Federal Grants	1,512,892	-	1,512,892
Other Income	483,314	-	483,314
Investment Gain	175,975	21,337	197,312
Subtotal	35,260,023	21,337	35,281,360
Net Assets Released from Restriction:			
Satisfaction of Program Restrictions	116,672	(116,672)	-
Total Revenues and Support	35,376,695	(95,335)	35,281,360
EXPENSES			
Program Services Expense:			
Intensive and Specialty Services	13,397,385	-	13,397,385
Community Services	5,543,296	-	5,543,296
Clinical and Medical Services	5,266,378	-	5,266,378
Total Program Services Expense	24,207,059	-	24,207,059
Support Services Expense:			
Management and General	6,854,503	-	6,854,503
Fundraising and Development	325,255	-	325,255
Total Supporting Services Expense	7,179,758	-	7,179,758
Total Expenses	31,386,817	-	31,386,817
CHANGE IN NET ASSETS	3,989,878	(95,335)	3,894,543
Net Assets - Beginning of Year	20,522,322	579,274	21,101,596
NET ASSETS - END OF YEAR	<u>\$ 24,512,200</u>	<u>\$ 483,939</u>	<u>\$ 24,996,139</u>

See Accompanying Notes to Financial Statements.

CORNERSTONE MONTGOMERY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restricted	Total
REVENUES AND SUPPORT			
Intensive and Specialty Services	\$ 15,825,573	\$ -	\$ 15,825,573
Community Services	4,388,312	-	4,388,312
Clinical and Medical Services	2,721,794	-	2,721,794
Other Fees for Services	101,023	-	101,023
Grants and Contributions	1,612,765	-	1,612,765
Federal Grants	1,954,761	-	1,954,761
Other Income	920,985	-	920,985
Investment Loss	(304,997)	(47,353)	(352,350)
Subtotal	27,220,216	(47,353)	27,172,863
Net Assets Released from Restriction:			
Satisfaction of Program Restrictions	150,253	(150,253)	-
Total Revenues and Support	27,370,469	(197,606)	27,172,863
EXPENSES			
Program Services Expense:			
Intensive and Specialty Services	12,075,237	-	12,075,237
Community Services	4,784,280	-	4,784,280
Clinical and Medical Services	4,910,438	-	4,910,438
Total Program Services Expense	21,769,955	-	21,769,955
Support Services Expense:			
Management and General	5,419,153	-	5,419,153
Fundraising and Development	392,821	-	392,821
Total Supporting Services Expense	5,811,974	-	5,811,974
Total Expenses	27,581,929	-	27,581,929
CHANGE IN NET ASSETS	(211,460)	(197,606)	(409,066)
Net Assets - Beginning of Year	20,733,782	776,880	21,510,662
NET ASSETS - END OF YEAR	<u>\$ 20,522,322</u>	<u>\$ 579,274</u>	<u>\$ 21,101,596</u>

See Accompanying Notes to Financial Statements.

CORNERSTONE MONTGOMERY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Intensive and Specialty Services	Community Services	Clinical and Medical Services	Total Program	Management and General	Fundraising and Development	Total Expenses
Salaries and Related Benefits	10,164,088	\$ 5,062,718	\$ 5,020,535	\$ 20,247,341	\$ 3,917,668	\$ 266,424	\$ 24,431,433
Occupancy	1,771,938	209,590	104,223	2,085,751	717,547	2,732	2,806,030
Licenses and Fees	84,476	85,823	22,332	192,631	1,065,919	1,663	1,260,213
Depreciation/Amortization Expense	241,281	77,375	56,728	375,384	385,701	1,945	763,030
Professional Fees	65,173	1,409	31,329	97,911	408,436	48,718	555,065
Residential Allowances & Consumer Needs	487,665	4,148	1,768	493,581	41,581	-	535,162
Supplies	201,872	11,278	22,869	236,019	150,734	2,146	388,899
Communications	218,488	9,437	-	227,925	132,966	120	361,011
Travel and Transportation	162,404	81,518	6,594	250,516	33,951	1,507	285,974
Total Functional Expenses	<u>\$ 13,397,385</u>	<u>\$ 5,543,296</u>	<u>\$ 5,266,378</u>	<u>\$ 24,207,059</u>	<u>\$ 6,854,503</u>	<u>\$ 325,255</u>	<u>\$ 31,386,817</u>

See Accompanying Notes to Financial Statements.

CORNERSTONE MONTGOMERY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Intensive and Specialty Services	Community Services	Clinical and Medical Services	Total Program	Management and General	Fundraising and Development	Total Expenses
Salaries and Related Benefits	\$ 9,106,382	\$ 4,509,642	\$ 4,786,643	\$ 18,402,667	\$ 3,207,358	\$ 299,026	\$ 21,909,051
Occupancy	1,659,930	90,255	64,160	1,814,345	533,796	3,740	2,351,881
Licenses and Fees	(26,238)	3,762	(26,276)	(48,752)	856,720	3,131	811,099
Depreciation/Amortization Expense	267,540	83,520	59,069	410,129	377,907	1,999	790,035
Residential Allowances & Consumer Needs	457,475	2,033	2,155	461,663	3,804	6,302	471,769
Supplies	261,256	3,872	16,440	281,568	121,964	11,382	414,914
Communications	158,930	129	-	159,059	143,963	45	303,067
Professional Fees	42,433	800	2,778	46,011	156,243	66,740	268,994
Travel and Transportation	143,477	87,797	5,469	236,743	17,155	456	254,354
Other Operating Expenses	1,844	2,470	-	4,314	243	-	4,557
Donated Goods and Services	2,208	-	-	2,208	-	-	2,208
Total Functional Expenses	<u>\$ 12,075,237</u>	<u>\$ 4,784,280</u>	<u>\$ 4,910,438</u>	<u>\$ 21,769,955</u>	<u>\$ 5,419,153</u>	<u>\$ 392,821</u>	<u>\$ 27,581,929</u>

See Accompanying Notes to Financial Statements.

CORNERSTONE MONTGOMERY, INC.
STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 3,894,543	\$ (409,066)
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Net Realized and Unrealized (Gain) Loss on Investments	(103,001)	520,257
Depreciation and Amortization	763,030	790,035
Net Decrease of Debt Discount	(31,211)	3,332
Bad Debt Expense	20,007	138,042
Net Assets Acquired Through Noncash Acquisition in Business Combination	(5,306,494)	-
Non Cash Lease Expense	383,988	-
Amortization of Debt Issuance Cost	8,088	8,088
Change in Assets and Liabilities:		
Account Receivable from Contracts With Customers	1,123,483	(2,502,794)
Contributions Receivable	203,295	1,281,809
Due from Related Parties	(148,248)	(103,863)
Prepaid Expenses	(68,521)	218,195
Deposits	73,399	(133,183)
Accounts Payable and Accrued Expense	178,685	201,891
Accrued Interest	7,380	7,380
Deferred Revenue	6,465	31,332
Due to Third-Party Payor	(781,325)	855,665
Other Liabilities	9,990	-
Lease Liability - Operating	(89,318)	-
Lease Liability - Finance	(13,084)	-
Deferred Rent and Lease Incentive	52,415	44,120
Net Cash Provided by Operating Activities	<u>183,566</u>	<u>951,240</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments and Reinvestment of Interest and Dividends	(1,515,597)	(707,801)
Proceeds from Sales and Maturities of Investments	1,437,109	395,728
Proceeds of Cash from Acquisition of Southern Maryland	746,319	-
Purchase of Property and Equipment	(569,264)	(502,822)
Net Cash Provided (Used) by Investing Activities	<u>98,567</u>	<u>(814,895)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Bonds Payable	(211,812)	(203,724)
Principal Payments on Capital Leases	-	(216,570)
Payment on Note Payable	(17,500)	(17,500)
Cash Paid for Lease - Finance	(167,675)	-
Principal Payments on Mortgages Payable	(70,195)	(172,635)
Net Cash Used by Financing Activities	<u>(467,182)</u>	<u>(610,429)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(185,049)	(474,084)
Cash and Cash Equivalents - Beginning of Year	<u>1,680,771</u>	<u>2,154,855</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,495,722</u></u>	<u><u>\$ 1,680,771</u></u>

See Accompanying Notes to Financial Statements.

**CORNERSTONE MONTGOMERY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Cornerstone Montgomery, Inc. (Cornerstone Montgomery or the Organization) was formed in 2012 as a result of the merger between St. Luke's House, Inc. and Threshold Services, Inc. The new Organization continues its mission to empower people living with mental health and co-occurring substance use disorders to live, work, and integrate successfully within the community.

The program services provided by Cornerstone Montgomery include:

Intensive and Specialty Services:

Residential Rehabilitation Program – provides community support, general housing, and intensive housing services. The program is organized to assist people to live as independently as possible through the provision of training, supervision, and assistance in the skills of community living. The program provides evidence-based practices such as DBT (Dialectical Behavioral Therapy), ITCOD (Integrated Treatment of Co-Occurring Disorders), and IMR (Illness Management and Recovery). Staffing is available at the different sites ranging from drop-in to 24 hours per day.

Crisis Residential Program (Fenton, Granby, and Layhill Houses) – provides a community-based residential alternative to inpatient hospitalization. The program provides intensive 24 hours per day staff supervision in a group home setting to help people in psychiatric crisis to become stabilized and return to normal life routines as quickly as possible.

Assertive Community Treatment (ACT) – is an intensive treatment model which combines outpatient mental health and psychiatric rehabilitation services. It provides assertive outreach, treatment, and support to adults who have not been successful in more traditional forms of outpatient treatment. Service provision is mobile and provided in the individual's natural environment (e.g., home, street, shelters for the homeless, etc.). This is considered the highest level of care provided to clients in a community-based setting. The team is comprised of therapists, addiction specialists, vocational specialists, peer counselors, psychiatrists, and nurses.

Community Services:

Vocational Programs – provide vocational services to the Supported Employment Teams and the Employment Focus Clusters. The range of vocational services provided includes vocational assessment and planning services, supported employment job search and coaching services, work adjustment training, job placement, and employee support services.

CORNERSTONE MONTGOMERY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Organization (Continued)

Transition Age Youth Services (TAY) – are provided under the umbrella of the vocational programs. The Career Transition Program provides a unique combination of mental health, career/vocational and educational resources to assist students and their families in identifying and obtaining necessary resources to assist in a successful transition from school to work or post-secondary academic environments. The Career Academic Psychiatric-Rehabilitation Services program provides a combination of supported education and supported employment services to young adults aged 18-25 post high school to assist them in achieving their employment and academic goals. This program provides a range of services including vocational assessment, supported employment job search and coaching, assistance with college registration, and linkage to community resources.

Day Programs (Foundations) – provides outpatient rehabilitation training, seminars, and social/recreational activities to assist people in developing independent living skills and community integration skills. Any person in any of the psychiatric rehabilitation programs is eligible to participate in the Day Programs. Most skill development and recovery activities are provided in a group setting and consumers have significant input into classes and activities.

Supported Living Programs – provide counseling and independent living skills training to people living in their own homes in the community. The program is organized to assist people to live as independently as possible through counseling, skill development, and other support and assistance on a "drop in" basis. This program also provides evidence-based practices in DBT, ITCOD, and IMR.

Montgomery County Case Management – is a County-funded program to support people living in their own homes by providing linkage case management to a variety of community supports and applications to Federal and local entitlements.

Clinic and Medical Services:

Clinic – provides psychiatric therapy and medication services. The program is organized to provide continuity and integrated care. It offers individual and group treatment modalities. The program uses Evidence Base Practice interventions such as Family Psychoeducation and ITCOD. In addition, the individual therapy, group therapy, and medication services are available to anyone in the community in need of such services.

CORNERSTONE MONTGOMERY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Organization (Continued)

Health Homes Program – is a part of a state-based effort to improve the health of individuals with chronic health conditions. It supports a broader effort to integrate somatic and behavioral health services. The program targets populations with behavioral health needs who are at high risk for additional chronic conditions including those with serious persistent mental health disorders and chronic health issues like diabetes, obesity, etc. Health Homes offers participants enhanced care coordination services from providers with whom they regularly receive care. Health Homes is providing services through its psychiatric rehabilitation program and Health Home staff. This is a community-based approach, not a residential program and has several important goals which include: improve the health of participants in managing their chronic health conditions; promote a positive client experience of care; and reduce healthcare costs.

Cash and Cash Equivalents

The Organization considers highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount estimated by management to be the net realizable value. The Organization charges off accounts receivable when it becomes apparent based on age or circumstances that the amounts will not be collected.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is established through charges to the provision for bad debts. The Organization evaluates the adequacy of the allowance for doubtful accounts on a periodic basis. The evaluation includes historical trends in collections and write-offs and management's judgment of the probability of collecting accounts. An allowance in the amount of \$500,750 and \$135,750 has been established for the year ended June 30, 2023 and 2022, respectively.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect specific amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of future cash flows. The discounts on those amounts are computed using the prime rate applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. The Organization charges off contributions receivable when it becomes apparent based on age or circumstances that the amounts will not be collected.

CORNERSTONE MONTGOMERY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Contributions Receivable (Continued)

The Organization evaluates the adequacy of the allowance for uncollectible promises to give on a periodic basis. The evaluation includes historical trends in collections, write-offs, and management's judgement of the probability of collecting promises to give. June 30, 2023 and 2022, for promises to give

Investments

Investments are reported at fair value in the statement of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measured date. Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Property and Equipment

Property and equipment are recorded at cost. The Organization capitalizes property and equipment with a cost of \$5,000 or greater and a useful life of greater than one year. The Organization also capitalizes leasehold improvements that add to the life and value of the real property. Amortization of leasehold improvements is computed over the shorter of the useful lives of the assets or the term of the related leases. Property and equipment held under leases included in a right of use asset account which is amortized over the lease term.

Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets as follows:

Building and Improvements	3 to 55 Years
Furniture and Equipment	2 to 10 Years
Vehicles	5 Years

Debt Issuance Costs

Debt issuance costs are amortized over the life of the bonds.

CORNERSTONE MONTGOMERY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Revenue Recognition

Intensive and Specialty Services

This program provides Residential Rehabilitation, Residential Room and Board, Residential Crisis, and Assertive Community Treatment (ACT). Service overview is as follows:

- Residential Rehabilitation provides general and intensive level housing. Providing training, supervision, and assistance in the skills of community living.
- Residential Crisis provides a community-based residential alternative to inpatient hospitalization with intensive 24 hours per day staff supervision.
- ACT team is an intensive evidence-based treatment model which combines outpatient mental health and psychiatric rehabilitation services out in the community through a mobile service delivery model.

Prices for intensive and specialty services are predetermined, and services are invoiced monthly. Intensive and specialty services revenue are recognized over time, as the services above are rendered.

Community Services

Community Services encompass Vocational, Transition Aged Youth, Day and Supported Living programs. Service overview is as follows:

- Vocational services include vocational assessment and planning, supported employment job search and coaching services, work adjustment training, job placement and employee support services.
- Transition Age Youth services are also provided under the umbrella of the vocational programs. The Career Transition Program provides a unique combination of mental health, career/vocational and educational resources to assist students and their families and young adults in identifying and obtaining necessary resources to assist in a successful transition from school to work or post-secondary academic environments.
- Day Programs (the Foundations) provide outpatient rehabilitation training, seminars and social/recreational activities to assist people in developing independent living skills and community integration skills.
- Supported Living services provide counseling and independent living skills training to people living in their own homes in the community.

Prices for community services are predetermined based on rate schedules, and services are invoiced monthly when the performance obligation has been met. All revenue is recognized over time as the services above are provided.

CORNERSTONE MONTGOMERY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Revenue Recognition (Continued)

Clinical and Medical Services

Outpatient mental health clinics provide outpatient psychiatric therapy and medication services. Prices for clinic and medical services are predetermines as negotiated with agency or insurer paying. Services are invoiced and due after services are provided. All revenue is recognized over time as the service are provided.

Other Fees for Services

Other fees for services include external training and property management fees earned in the capacity as sponsor of related Housing and Urban Development (HUD) owned residential housing units. Other fees for services are recognized over time when the service are provided.

Grants and Contributions

Grant revenue, under cost reimbursable federal and nonfederal grants, is recognized based upon direct costs incurred plus allowable indirect costs. Revenue recognized but not yet reimbursed from the granting agency is reported as contributions and grants receivable in the accompanying statement of financial position.

Contributions are recognized as revenue when received or when unconditionally promised and sufficient documentation exists. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor-restricted support that increases those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, donor-restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions, whose restrictions are met in the same reporting period, are reported as without donor restriction support. Donations containing a right of return and specific conditional barriers to recognition are not recorded as contributions until the conditions are met.

Income Taxes

The Organization is exempt from federal income taxes on related income under Section 501(c)(3) of the Internal Revenue Code (IRC) and is classified as other than a private foundation. Income determined to be unrelated business income is taxable.

CORNERSTONE MONTGOMERY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Functional Allocation of Expenses

The costs of programs and supporting services activities have been summarized on a functional basis in the accompanying statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, facilities costs have been allocated among the programs and supporting services benefited based on an estimate of time and effort. Salaries are charged to program and supporting services based on an estimate of time and effort. The costs of operating the administrative facilities of the organization are allocated based on the square footage of administrative office space utilized.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). ASU 2016-02 requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a right-of-use asset or lease liability. A lessee making this accounting policy election would recognize lease expense over the term of the lease, generally using the straight-line method. The Organization adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period. In connection with the adoption new lease liability and a right of use asset accounts were created on the statement of financial position in FY23.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in right-of-use (ROU) assets – financing and lease liability – financing in the statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet.

If the individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

**CORNERSTONE MONTGOMERY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Subsequent Events

The Organization has evaluated subsequent events for potential recognition and disclosure through Report Date, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY

The Organization's financial assets due within one year of the balance sheet date available for general expenditures as follows for the years ended June 30:

	2023	2022
Current Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 1,495,722	\$ 1,680,771
Investments, Designated for Operating Reserves	1,930,611	1,770,459
Investments, Restricted for Joan Clement Endowment Fund	279,210	257,873
Accounts Receivable from Contracts With Customers, Net of Allowance for Doubtful Accounts of \$500,750 and \$135,750	6,698,547	6,721,894
Contributions and Grants Receivable, Net of Discount of \$1,840 and \$4,458	101,826	99,208
Due from Related Parties	383,007	234,759
Total Financial Assets	10,888,923	10,764,964
Less: Amounts Not Available to be Used Within One Year:		
Net Assets With Donor Restrictions	483,939	579,274
Designated by Board of Directors	1,930,611	1,770,459
Management Designated Reserve for Taft Expenditures	175,315	175,211
Total Amounts Not Available for General Expenditures	2,589,865	2,524,944
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	<u>\$ 8,299,058</u>	<u>\$ 8,240,020</u>

In the event of an unanticipated liquidity need, the Organization also could draw upon its \$600,000 line of credit or its designated operating reserves.

CORNERSTONE MONTGOMERY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 FAIR VALUE MEASUREMENT

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are described as follows:

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 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Equity Participation: The equity participation liability is valued at 50% of the appreciation of the estimated home values discounted to present value, less the original principal amount of the loan, Cornerstone Montgomery's initial equity contribution, and the cost of capital improvements made by Cornerstone Montgomery. The discount rates correspond to those specified in the loan agreement and range from 1% to 3%.

CORNERSTONE MONTGOMERY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 FAIR VALUE MEASUREMENT (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, Cornerstone Montgomery, Inc.'s fair value measurements at June 30:

2023	Level 1	Level 2	Level 3	Total
Investments at Fair Value	\$ 2,209,821	\$ -	\$ -	\$ 2,209,821
Equity Participation Liability at Fair Value	\$ -	\$ -	\$ 812,569	\$ 812,569
2022	Level 1	Level 2	Level 3	Total
Investments at Fair Value	\$ 2,028,332	\$ -	\$ -	\$ 2,028,332
Equity Participation Liability at Fair Value	\$ -	\$ -	\$ 719,970	\$ 719,970

Cornerstone Montgomery, Inc.'s Level 3 equity participation liability increased by \$92,599 during the year ended June 30, 2023, and decreased by \$13,509 during the year ended June 30, 2022. The increase was due to appreciation of the estimated home values discounted to present value, while the decrease was due to declines in the estimated home values discounted to present value.

NOTE 4 INVESTMENTS

The following tables set forth by type, Cornerstone Montgomery, Inc.'s investments at June 30:

	2023	2022
Mutual Funds:		
Money Market and Cash Funds	\$ 11,703	\$ 36,984
Equities	1,596,414	1,341,088
Fixed Income	601,704	650,260
Total	\$ 2,209,821	\$ 2,028,332

NOTE 5 ACCOUNTS RECEIVABLE AND DEFERRED REVENUE FROM CONTRACTS WITH CUSTOMERS

The following tables set accounts receivable and deferred revenue from contract with customers as of June 30:

	2023	2022
Accounts Receivable from Contracts With Customers, Net of Allowance for Doubtful Accounts of \$135,750 and \$316,261, respectively	\$ 6,698,547	\$ 6,721,894
Deferred Revenue	43,823	37,358

CORNERSTONE MONTGOMERY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 DUE TO THIRD-PARTY PAYOR

UnitedHealth Group/Optum Maryland, a health department administrative services contractor, was engaged by the Maryland Department of Health as a new billing management Organization in 2019. Optum launched its claims processing system in January 2020 but was unable to accurately and reliably process claims due to system instability and limited functionality. Before the system was stabilized and relaunched in August 2020, the Maryland Department of Health directed Optum to make weekly estimated payments to providers beginning in January 2020 and continuing through August 2020. Estimated payments were calculated based on providers 2019 historical payment average, but the system instability occurred during the pandemic when health care services were underutilized which resulted in overpayment in some cases.

Optum made estimated payments to Cornerstone Montgomery of \$10,151,360 in 2020.

Optum's payment and claim processing errors continued past the system relaunch and may continue throughout the life of the contract which runs until 2025. In fiscal year 2022 Optum issued an estimated \$855,665 in duplicate payments to Cornerstone Montgomery. Cornerstone Montgomery has finalized repayment plans to repay over the next 12 month beginning in October 2022.

During the year end June, 2023 and 2022 the organization continued to make repayments according to the repayment plan agreed to with Optum.

CORNERSTONE MONTGOMERY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 SHORT-TERM BORROWING FACILITIES

The Organization renewed its line of credit in February 2020. The maturity date was February 2021 and included a maximum borrowing of \$600,000, and an interest rate equal to the prime rate offered by the lender subject to change from time to time as set forth in the loan agreement. The interest rate under the line of credit equals the bank's prime rate plus 1.5%. The line of credit expires March 31, 2024. At June 30, 2023 the rate was 6.25%. The line of credit is secured by all the Organization's accounts receivable and property and equipment. As of June 30, 2023 and 2022, there was no outstanding balance on the line.

NOTE 8 NOTE PAYABLE

During fiscal year 2017, the Organization entered a note payable arrangement with Montgomery County, Maryland totaling \$350,000. The funds were used to finance property repairs. The note does not bear interest, matures in fiscal year 2037, and payments are equal to the lesser of a) equal annual payments over the term of the note or b) 50% of the net cash flows (as defined in the agreement) for the development for the previous fiscal year. Interest was imputed on the below market rate note payable using the effective interest method at a discount rate of 3.75%. Management expects to repay the note in equal annual payments of \$17,500 annually over the term of the agreement.

Principal payments for the note payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 17,500
2025	17,500
2026	17,500
2027	17,500
2028	17,500
Thereafter	157,500
Total	<u>\$ 245,000</u>

CORNERSTONE MONTGOMERY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 9 MORTGAGES PAYABLE

Mortgages payable at June 30, 2023 and 2022, consist of various mortgage notes bearing interest at rates of 0.00% to 5.34%, and maturing at various times through June 2055. Interest was imputed on the below market rate mortgages payable using the effective interest method at discount rate of 3.25%. The discount on below market loans is \$206,569 and \$222,192 at June 30, 2023 and 2022, respectively. Interest expense incurred for the mortgages during the year ended June 30, 2023 and 2022, was \$57,868 and \$55,289 respectively, including imputed interest on below market rate loans of \$15,623 and \$16,130, respectively.

In prior years, the Organization entered into certain participation mortgage loans with the Department of Housing and Community Development (DHCD) under the Group Home Financing Program. Total loans for these properties totaled \$213,106 and \$243,377 as of June 30, 2023 and 2022, respectively. These agreements entitle DHCD to 50% of the appreciation, as defined in the agreement, upon sale, refinancing, or transfer of the related property; upon ceasing use of the related property for its stated purpose; or default or maturity of the related note. The Organization recorded a participation liability of \$812,569 and \$719,970, respectively and a related mortgage loan discount of \$321,217 and \$274,019, respectively for the years ended June 30, 2023 and 2022, in connection with these agreements.

In accordance with certain mortgage agreements, the Organization must make aggregate monthly deposits to a reserve for replacements. Total deposits made to the reserve for the years ended June 30, 2023 and 2022, was \$256,623 and \$248,409, respectively and is included in deposits and other assets on the accompanying statement of financial position.

Principal payments for the mortgages payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 184,363
2025	179,899
2026	181,412
2027	168,506
2028	167,495
Thereafter	1,153,327
Total	<u>\$ 2,035,002</u>

CORNERSTONE MONTGOMERY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 10 BONDS PAYABLE

In May 2016, Montgomery County, Maryland issued a \$5,000,000 tax-exempt Economic Development Revenue Bond. The Organization borrowed on the bond for the purchase of property and refinancing debt associated with certain other property. The bond was amended in October 2018 to adjust the interest rate and amortization schedule. Accordingly, the interest rate on the bond at the beginning of the year was 3.95% and effective October 25, 2018, the bond was amended to reflect a new interest rate of 3.60% with a maturity date of May 2036. The interest rate at June 30, 2023 and 2022, was fixed at 3.60%. The bond agreement contains certain reporting and financial covenants. **As of June 30, 2023 the Organization was in compliance with the covenants.**

The tax-exempt and taxable bonds are secured by the revenues of the Organization and the property listed in Note 11 as of June 30, 2023 and 2022.

Future maturities of borrowings are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 227,921
2025	235,435
2026	243,207
2027	249,895
2028	259,519
Thereafter	2,211,955
Total	<u>\$ 3,427,932</u>

NOTE 11 ASSETS PLEDGED AS COLLATERAL FOR DEBT

The following table summarizes the carrying value of assets securing the mortgage loans and bonds payable as of June 30:

<u>2023</u>	<u>Mortgages</u>	<u>Note/Bonds Payable</u>
Land	\$ 2,393,767	\$ 937,895
Building and Improvements	16,574,218	7,362,358
Deferred Lease Incentives	-	649,480
Total Carrying Amount	<u>\$ 18,967,985</u>	<u>\$ 8,949,733</u>

<u>2022</u>	<u>Mortgages</u>	<u>Note/Bonds Payable</u>
Land	\$ 1,783,905	\$ 937,895
Building and Improvements	15,201,529	8,110,925
Deferred Lease Incentives	-	725,845
Total Carrying Amount	<u>\$ 16,985,434</u>	<u>\$ 9,774,665</u>

CORNERSTONE MONTGOMERY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 12 NET ASSETS

Designated by Board of Directors

At June 30, 2023 and 2022, the board of directors designated investments reserve totaled \$1,930,611 and \$1,770,459, respectively. The reserve and future earnings have been designated by the board to be used at its discretion for future operations.

Restricted by Donors

Net assets restricted by donor consisted of the following at June 30:

	2023	2022
<i><u>Time Restricted</u></i>		
Donated Interest on Below Market Loans	\$ 206,569	\$ 222,192
<i><u>Purpose and Time Restricted</u></i>		
Joan Clement Endowment	79,210	57,873
Southport Renovation Pledge	-	103,667
Total	<u>79,210</u>	<u>161,540</u>
<i><u>Perpetual in Nature</u></i>		
Joan Clement Endowment	200,000	200,000
<i><u>Discount on Pledge</u></i>	(1,840)	(4,458)
Total Restricted Net Assets	<u>\$ 483,939</u>	<u>\$ 579,274</u>

Net assets that are perpetual in nature of \$200,000 are available for the Joan Clement Endowment Fund at June 30, 2023 and 2022. This amount represents contributions received to assist in the creation of an endowment fund to honor the past president/CEO of St. Luke's House Inc. Endowment corpus of \$200,000 must be maintained in perpetuity in accordance with the Organization's interpretation of donor intent. Appreciation above this level can be appropriated for expenditure as with donor restriction support not held in perpetuity and will be available for use at the direction of the board of directors in accordance with its spending policy below.

Releases from donor restrictions consisted of the following as of June 30:

	2023	2022
<i><u>Time Restricted</u></i>		
Donated Interest on Below Market Loans	\$ 15,623	\$ 16,130
Southport Renovation Pledges	103,666	90,000
Healthcare Initiative Fund	-	45,000
Total Release from Time Restrictions	<u>119,289</u>	<u>151,130</u>
<i><u>Discount on Pledge</u></i>	(2,617)	(877)
Total Release from Restrictions	<u>\$ 116,672</u>	<u>\$ 150,253</u>

CORNERSTONE MONTGOMERY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 12 NET ASSETS (CONTINUED)

Interpretation of Relevant Law

The board of directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the original gift amount of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as donor restricted net assets in its endowment fund (a) the original value of gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not held to perpetuity in restricted net assets is considered with donor restriction net assets until those assets are appropriated for expenditures by the Organization in a manner consistent with the standards of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the Organization and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Organization.
- The investment policies of the Organization.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to increase its endowment while seeking to maintain the purchasing power of endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to preserve principal while earning as much income as possible assuming a conservative level of investing risk.

CORNERSTONE MONTGOMERY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 12 NET ASSETS (CONTINUED)

Changes in endowment net assets by type of fund for the fiscal year ended:

June 30, 2023	Without Donor Restrictions	With Donor Restricted	Total
Endowment Net Assets -			
Beginning of Year	\$ -	\$ 257,873	\$ 257,873
Investment Return:			
Investment Income, Net of Fees	-	11,927	11,927
Net Realized and			
Unrealized Gain	-	9,410	9,410
Total Investment Return	-	21,337	21,337
Endowment Net Assets -			
End of Year	<u>\$ -</u>	<u>\$ 279,210</u>	<u>\$ 279,210</u>
June 30, 2022	Without Donor Restrictions	With Donor Restricted	Total
Endowment Net Assets -			
Beginning of Year	\$ -	\$ 305,226	\$ 305,226
Investment Return:			
Investment Income, Net of Fees	-	21,607	21,607
Net Realized and			
Unrealized Loss	-	(68,960)	(68,960)
Total Investment Return	-	(47,353)	(47,353)
Endowment Net Assets -			
End of Year	<u>\$ -</u>	<u>\$ 257,873</u>	<u>\$ 257,873</u>

Composition of endowment net assets as of fiscal year ended June 30:

	Without Donor Restrictions	With Donor Restrictions	2023 Total
Amount Subject to Expenditure for Purpose	\$ -	\$ 79,210	\$ 79,210
Portion Subject to Spending Policy	-	200,000	200,000
	<u>\$ -</u>	<u>\$ 279,210</u>	<u>\$ 279,210</u>
	Without Donor Restrictions	With Donor Restrictions	2022 Total
Portion Subject to Spending Policy and Appropriation	\$ -	\$ 57,873	\$ 57,873
Portion Held in Perpetuity	-	200,000	200,000
Total	<u>\$ -</u>	<u>\$ 257,873</u>	<u>\$ 257,873</u>

CORNERSTONE MONTGOMERY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 RENTAL INCOME UNDER OPERATING LEASES

The Organization has operating leases with various tenants under noncancelable agreements which expire at various times through February 2046. The agreements call for minimum fixed rental increases. Rent income is recorded on a straight-line basis over the lease terms. For the years ended June 30, 2023 and 2022 the difference between the total contractual straight-line and cash basis rent income is deferred rent of \$364,761 and \$340,811, respectively and amortized to rent income over the lease term. Each lease agreement included incentives to construct leasehold improvements to the lessees' specifications and paid for by the Organization. The lease incentives have been recorded as deferred lease incentive assets and are amortized over the lease terms. Unamortized deferred lease incentives were \$649,480 and \$725,845 as of June 30, 2023 and 2022, respectively.

Rent income consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Minimum Rental	\$ 352,172	\$ 319,927
Deferred Lease Incentive	(76,365)	(76,365)
Deferred Lease Income	<u>7,883</u>	<u>30,348</u>
Total	<u>\$ 283,690</u>	<u>\$ 273,910</u>

Future minimum lease payments to be received from these agreements as of June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 284,828
2024	293,373
2025	302,174
2026	311,239
2027	311,239
Thereafter	<u>2,325,060</u>
Total	<u>\$ 3,827,913</u>

CORNERSTONE MONTGOMERY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 14 DEFINED CONTRIBUTION PENSION PLANS

The Organization sponsors a defined contribution 403(b) plan (the Plan) for employees that are eligible to participate in the deferral and match components of the Plan on the later of their date of employment or upon turning 21 years of age. At the discretion of the board of directors, the Organization may make discretionary match contributions. The Organization contributed \$257,026 and \$231,176 into the Plan for the year ended June 30, 2023 and 2022.

Effective July 1, 2018, the Organization established a 457(b) plan (the Deferred Compensation Plan) in accordance with 457(b) of the IRC for a management official. The Deferred Compensation Plan permits the participant to defer a portion of compensation, to be paid out in future years. No employer contributions were made during the year ended June 30, 2023 and 2022.

Deferred compensation and investments designated for such deferrals are only available to the participant, or their beneficiaries, upon termination of employment, retirement, or death. Until paid or made available to the participant or beneficiary, all deferred amounts, investments earnings related to deferred amounts, and all property and rights purchased with these amounts are solely the property and rights of the Organization. The Deferred Compensation Plan's investments consist of marketable securities and are recorded at fair value and are reflected as both an asset and liability of the Organization. These level one investments are held in a diversified portfolio of stocks and bonds.

NOTE 15 LEASES

Operating Leases

The Organization has a 98.5-year lease with St. Luke's Episcopal Church for the land upon which the Organization's Southport Center is built. The lease provided for annual rent of \$9,756 for the year ended June 30, 2023 and 2022, with increases based on the consumer price index. The lease expires December 31, 2086, at which time the title to all improvements on the land, including the Southport Center, will pass to St. Luke's Episcopal Church. In addition, the Organization leases office space and residential apartments under noncancelable leases.

Finance Leases

The Organization leases equipment and vehicles under non-cancellable leases that are classified as financing leases. The leases expire at various dates through FY 2028.

The obligation under the leases are represented on the consolidated statements of financial position as a lease liability which is the discounted future lease payments. The payments are discounted using a weighted average discount rate 3.20% for its finance leases and 3.66% for its operating leases. A right of use (ROU) asset is recorded on the statement of financial position that represents the occupancy rights the Organization has relative to the underlying assets. The weighted average remaining lease term as of June 30, 2023 is 3.7 years for the Organization's finance leases and 39.35 years for the Organization's operating leases. The amount of ROU assets exchanged for new lease liabilities was \$479,841 (operating leases) and \$1,087,961 (finance leases) during the year end June 30, 2023.

CORNERSTONE MONTGOMERY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 15 LEASES (CONTINUED)

Total operating lease costs was \$91,866 and \$889,542 for the years ended June 30, 2023 and 2022, respectively. The organization had short term lease agreements pertaining to primarily to residential properties for which the organization incurred \$869,849 in rent expense during the year end June 30, 2023.

Total finance lease costs \$231,790 for the years ended June 30, 2023.

A maturity analysis of annual cash flows for lease liabilities as of June 30, 2023 is as follows:

	<u>Finance</u>	<u>Operating</u>
2024	\$ 176,973	\$ 152,226
2025	102,626	133,367
2026	101,110	131,477
2027	83,104	94,674
2028	41,843	40,692
Thereafter	-	1,288,170
Total	<u>505,656</u>	<u>1,840,606</u>
Less: Present value discount	<u>(31,386)</u>	<u>(814,259)</u>
Lease liability	<u><u>\$ 474,270</u></u>	<u><u>\$ 1,026,347</u></u>

CORNERSTONE MONTGOMERY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 16 CONTINGENT LIABILITIES AND COMMITMENTS

The Organization receives a substantial portion of its revenue from government grants and fees, certain of which are subject to audit by various government agencies. Until all audits through June 30, 2023, have been completed and final settlements have been reached, there exists a contingent liability to refund any amount received in excess of allowable costs. Management is of the opinion that no significant liability will result from these audits, if any.

NOTE 17 RELATED PARTY TRANSACTIONS

Certain clients of the Organization reside in homes owned by St. Luke's Homes, Inc., Waterside Homes, Inc., Second Step, Inc., and Second Step II, Inc. The Organization is the sponsor of the organizations. The Organization provides property management services and during the normal course of business may lend operating funds to the organizations. Two members of the Organization's management are on the board of directors of the sponsored organizations.

The following lists the amounts charged to these related parties for cost sharing paid by the Organization for client housing for the year ended June 30:

	2023	2022
Second Step, Inc.	\$ 63,745	\$ 58,103
Second Step II, Inc.	31,298	30,709
St. Luke's Homes, Inc.	78,961	54,714
Waterside Homes, Inc.	31,661	32,105
Total	<u>\$ 205,665</u>	<u>\$ 175,631</u>

The following lists the amounts charged to these related parties for property management services for the year ended June 30:

	2023	2022
Second Step, Inc.	\$ 7,261	\$ 9,681
Second Step II, Inc.	2,966	2,966
St. Luke's Homes, Inc.	2,657	2,657
Waterside Homes, Inc.	5,478	5,478
Total	<u>\$ 18,362</u>	<u>\$ 20,782</u>

The following lists the net amount due from these related parties as of June 30:

	2023	2022
Second Step, Inc.	\$ 60,861	\$ 9,837
Second Step II, Inc.	38,222	38,222
St. Luke's Homes, Inc.	200,931	144,096
Waterside Homes, Inc.	82,993	42,604
Total	<u>\$ 383,007</u>	<u>\$ 234,759</u>

CORNERSTONE MONTGOMERY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 18 CONCENTRATION OF CREDIT RISK

Financial instruments, which potentially subject the Organization to concentration of credit risk, include cash and cash equivalents and investments. It is the Organization's practice to place its cash and cash equivalents and investments in high credit quality institutions to mitigate this risk. The Organization maintains its cash balances at several financial institutions which at times, may exceed federally insured limits.

NOTE 19 CONCENTRATION OF REVENUE AND RECEIVABLES

The Organization receives a majority of its total revenue and support from one payor of its service fee revenue. For the year ended June 30, 2023 and 2022, revenue from the state of Maryland funded Medicaid program made up approximately 52% and 69% of total revenue and support, respectively. Receivables from this program for services performed were approximately 69% and 82% of net accounts and contributions and grants receivables as of June 30, 2023 and 2022, respectively.

NOTE 20 GENERAL CONTINGENCIES

Litigation

From time to time, the Organization may be a party to lawsuits or have claims pending against it. In the opinion of management, the ultimate liabilities, if any, resulting from such lawsuits and claims will not materially affect the financial position of the Organization.

NOTE 21 SUPPLEMENTAL CASH FLOW INFORMATION

Noncash Investing and Financing Transactions

During the year ended June 30, 2023 and 2022 equity participation liability increased (decreased) by \$92,599 and (\$13,509) as a result of a decrease of the estimated home values discounted to present value.

Supplemental Disclosure of Cash Flow Information

Cash paid for interest during the year ended June 30, 2023 and 2022, was \$243,601 and \$237,134, respectively.

CORNERSTONE MONTGOMERY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 22 CONDITIONAL GRANTS

The Organization had \$342,863 and \$1,424,798 in conditional grants and contributions for which the condition had not been met as of June 30, 2023 and 2022, respectively.

NOTE 23 ACQUISITION OF SOUTHERN MARYLAND COMMUNITY NETWORK

On September 23, 2022, the Board of Directors of Cornerstone Montgomery approved a plan and agreement of acquisition that established a framework for acquiring Southern Maryland Community Network. Southern Maryland Community Network is a 501 (C)(3) nonprofit behavioral health provider serving Calvert, St. Mary's and Charles Counties. A final affirmative vote of confidence by the Board occurred in March 2023 and the acquisition was effective as of April 1, 2023. In connection with the acquisition, the accounts of Southern Maryland were valued at fair value. During the acquisition control by Cornerstone Montgomery of Southern Maryland Community Network was obtained through a majority board representation. Cornerstone Montgomery transferred no consideration in exchange for the net assets of Southern Maryland Community Network. The below summarizes the fair value of the assets acquired and liabilities assumed as well as the inherent contribution that resulted from the fair value of the assets acquired exceeding the fair value of the liabilities assumed.

Cash	\$ 746,319
Accounts Receivable	1,120,143
Grants Receivable	205,913
Prepaid Expenses	24,281
Right of Use Assets	289,036
Property and Equipment	3,936,547
Security Deposit	<u>7,047</u>
Total Assets Acquired	\$ 6,329,286
Accounts Payable and Accrued Expenses	\$ 314,002
Lease Liabilities	291,367
Mortgages Payable	<u>406,323</u>
Total Liabilities Assumed	\$ 1,011,692
Inherent Contribution	<u><u>\$ 5,317,594</u></u>

CORNERSTONE MONTGOMERY, INC.
QUARTERLY REPORT TO THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE HUMAN
SERVICE (DHMH 438 REPORTING REQUIREMENT)
QUARTER ENDING JUNE 30, 2023

DEPARTMENT OF HEALTH AND MENTAL HYGIENE
HUMAN SERVICE AGREEMENTS
DHMH 438
INTERIM REPORT OF ACTUAL EXPENSES, RECEIPTS
AND PERFORMANCE MEASURES

SECTION I.

1) VENDOR NAME Cornerstone Southern Maryland 9) CONTRACT AWARD# BH 025 MAR

2) VENDOR ADDRESS P.O. Box 998 10) STATE FISCAL YEAR FY 2023

3) CITY/STATE/ZIP Prince Frederick, MD 20678 11) REPORT PERIOD 4/1/2023 TO 6/30/2023

4) PROJECT TITLE ACT Grant Start up By my signature, I attest that the information

5) TELEPHONE NUMBER (410) 535-4787 contained is correct, that payment requested is just

6) CONTACT PERSON Rush Cox and correct and that payment has not been

7) DIRECTOR'S NAME Karen Carloni requested previously.

8) FEDERAL EMPLOYER ID 52-1241267 12) SIGNATURE [Signature] 7/17/2023

DATE

SECTION II.

SUMMARY OF EXPENDITURES

LINE ITEMS MAY NOT BE CHANGED	APPROVED TOTAL PROGRAM BUDGET	ACTUAL EXPEND. THRU 6/30/2023	VARIANCE UNDER (OVER)
SALARIES/SPECIAL PMTS	111,764.00	84,381.78	27,382.22
FRINGE	36,125.00	20,831.89	15,293.11
CONSULTANTS	10,459.00	0.00	
EQUIPMENT /FURNISHING	7,000.00	0.00	7,000.00
PURCHASE OF SERVICE	0.00		
RENOVATION	0.00		
CONSTRUCTION	0.00		
REAL PROPERTY PURCHASE	0.00		
UTILITIES	1,596.00	3,335.49	-1,739.49
RENT / OCCUPANCY EXPENSE	9,375.00	8,375.95	999.05
FOOD	0.00		
INSURANCE	3,644.00	3,369.73	274.27
PROF. DUES/LICENSE FEES	3,005.00	46.92	2,958.08
OFFICE SUPPLIES	2,863.00	453.11	2,409.89
TRANSPORT/TRAVEL	8,594.00	3,174.25	5,419.75
HOUSEKEEPING/	0.00	0.00	0.00
MAINTENANCE/REPAIRS	2,875.00	7,655.26	-4,780.26
POSTAGE	0.00	18.00	-18.00
PRINTING/DUPPLICATION	0.00	12.46	-12.46
STAFF DEVELOPMENT/	0.00	0.00	0.00
TRAINING	2,000.00	12.00	1,988.00
CLIENT ACTIVITIES	2,260.00	318.65	1,941.35
ADVERTISING	0.00	0.00	0.00
LEGAL/ACCOUNTING AUDIT	0.00	0.00	0.00
TOTAL DIRECT COSTS	201,560.00	131,985.49	59,115.51
INDIRECT COST (Admin Overhead)	13,837.00	13,836.00	1.00
TOTAL COSTS	215,397.00	145,821.49	59,116.51
LESS: ACT FEE FOR SERVICE	(17,322.00)	(26,706.45)	9,384.45
	0.00		
	0.00	0.00	0.00
TOTAL	198,075.00	119,115.04	68,500.96

DHMH 438 (REV. August 2001)

SECTION III.

SUMMARY OF RECEIPTS

SOURCE OF FUNDS	ACTUAL RECEIPTS	DPCA ONLY
DHMH	116,544.81	
OTHER STATE (PRP)	26,706.45	
LOCAL GOVT.		
DIRECT FEDERAL		
FUND RAISING		
UNITED CHARITIES		
INTEREST		
CARRYOVER		
FOOD STAMPS		
OTHER (SPECIFY)		
-CLIENT FEES-		
PRIVATE PAY		
MEDICAID		
MEDICARE		
INSURANCE		
SSI		
OTHER (SPECIFY)		
TOTAL	143,251.26	

SECTION IV.

PERFORMANCE MEASURES

PERFORMANCE MEASURE	BUDGET ESTIMATE	YTD THRU

CORNERSTONE MONTGOMERY, INC.
QUARTERLY REPORT TO THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE HUMAN
SERVICE (DHMH 438 REPORTING REQUIREMENT)
QUARTER ENDING JUNE 30, 2023

DEPARTMENT OF HEALTH AND MENTAL HYGIENE
HUMAN SERVICE AGREEMENTS
DHMH 438
INTERIM REPORT OF ACTUAL EXPENSES, RECEIPTS
AND PERFORMANCE MEASURES

SECTION I.

1) VENDOR NAME <u>Cornerstone Southern Maryland</u>	9) CONTRACT AWARD# <u>MH 448 OTH</u>
2) VENDOR ADDRESS <u>P.O. Box 998</u>	10) STATE FISCAL YEAR <u>FY 2023</u>
3) CITY/STATE/ZIP <u>Prince Frederick, MD 20678</u>	11) REPORT PERIOD <u>4/1/2023</u> TO <u>6/30/2023</u>
4) PROJECT TITLE <u>IHIP-C Calvert & St.Mary's Counties</u>	By my signature, I attest that the information
5) TELEPHONE NUMBER <u>(410) 535-4787</u>	contained is correct, that payment requested is just
6) CONTACT PERSON <u>Rush Cox</u>	and correct and that payment has not been
7) DIRECTOR'S NAME <u>Karen Carloni</u>	requested previously.
8) FEDERAL EMPLOYER ID <u>52-1241267</u>	12) SIGNATURE <u>[Signature]</u> <u>7/17/2023</u>
	BLUE INK DATE

SECTION II.
SUMMARY OF EXPENDITURES

LINE ITEMS MAY NOT BE CHANGED	APPROVED TOTAL PROGRAM BUDGET	ACTUAL EXPEND. THRU 6/30/2023	VARIANCE UNDER (OVER)
SALARIES/SPECIAL PMTS	55,335.00	67,454.70	(12,119.70)
FRINGE	13,120.00	14,919.56	(1,799.56)
CONSULTANTS			0.00
EQUIPMENT			0.00
PURCHASE OF SERVICE			0.00
RENOVATION			0.00
CONSTRUCTION			0.00
REAL PROPERTY PURCHASE			0.00
UTILITIES	2,083.00	1,734.67	348.33
RENT / OCCUPANCY EXPENSE	1,876.00	2,272.91	(396.91)
FOOD			0.00
INSURANCE	3,781.00	2,880.66	900.34
PROF. DUES/LICENSE FEES	525.00	422.28	102.72
OFFICE SUPPLIES	590.00	1,248.02	(658.02)
TRANSPORT/TRAVEL	3,171.00	2,130.58	1,040.42
HOUSEKEEPING/	356.00	362.53	(6.53)
MAINTENANCE/REPAIRS	2,188.00	2,428.64	(240.64)
POSTAGE	45.00	15.96	29.04
PRINTING/DUPLICATION	51.00	112.12	(61.12)
STAFF DEVELOPMENT/			0.00
TRAINING	438.00	1,041.26	(603.26)
CLIENT ACTIVITIES			0.00
ADVERTISING		0.00	0.00
LEGAL/ACCOUNTING AUDIT	375.00	0.00	375.00
TOTAL DIRECT COSTS	83,934.00	97,023.89	(13,089.89)
INDIRECT COST (Admin Overhead)	6,609.00	6,937.50	(328.50)
TOTAL COSTS	90,543.00	103,961.39	(13,418.39)
LESS: PRP SERVICE FEE	(19,110.00)	(27,282.52)	8,172.52
LESS: PROGRAM LOSS	0.00	0.00	0.00
TOTAL	71,433.00	76,678.87	(5,245.87)

DHMH 438 (REV. August 2001)

SECTION III
SUMMARY OF RECEIPTS

SOURCE OF FUNDS	ACTUAL RECEIPTS	DPCA ONLY
DHMH	76,746.68	
OTHER STATE (PRP)	27,282.52	
LOCAL GOVT.		
DIRECT FEDERAL		
FUND RAISING		
UNITED CHARITIES		
INTEREST		
CARRYOVER		
FOOD STAMPS		
OTHER (SPECIFY)		
-CLIENT FEES-		
PRIVATE PAY		
MEDICAID		
MEDICARE		
INSURANCE		
SSI		
OTHER (SPECIFY)		
TOTAL	104,029.20	

SECTION IV. PERFORMANCE MEASURES

PERFORMANCE MEASURE	BUDGET ESTIMATE	YTD THRU

CORNERSTONE MONTGOMERY, INC.
QUARTERLY REPORT TO THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE HUMAN
SERVICE (DHMH 438 REPORTING REQUIREMENT)
QUARTER ENDING JUNE 30, 2023

DEPARTMENT OF HEALTH AND MENTAL HYGIENE
HUMAN SERVICE AGREEMENTS
DHMH 438
INTERIM REPORT OF ACTUAL EXPENSES, RECEIPTS
AND PERFORMANCE MEASURES

SECTION I.

1) VENDOR NAME <u>Cornerstone Southern Maryland</u>	9) CONTRACT AWARD# <u>MH 448 OTH</u>
2) VENDOR ADDRESS <u>P.O. Box 998</u>	10) STATE FISCAL YEAR <u>FY 2023</u>
3) CITY/STATE/ZIP <u>Prince Frederick, MD 20678</u>	11) REPORT PERIOD <u>4/1/2023</u> TO <u>6/30/2023</u>
4) PROJECT TITLE <u>IHIP-C Charles County</u>	By my signature, I attest that the information
5) TELEPHONE NUMBER <u>(410) 535-4787</u>	contained is correct, that payment requested is just
6) CONTACT PERSON <u>Rush Cox</u>	and correct and that payment has not been
7) DIRECTOR'S NAME <u>Karen Carloni</u>	requested previously.
8) FEDERAL EMPLOYER ID <u>52-1241267</u>	12) SIGNATURE <u>[Signature]</u> <u>7/17/2023</u>
	BLUE INK DATE

SECTION II.

SUMMARY OF EXPENDITURES

LINE ITEMS MAY NOT BE CHANGED	APPROVED TOTAL PROGRAM BUDGET	ACTUAL EXPEND. THRU 6/30/2023	VARIANCE UNDER (OVER)
SALARIES/SPECIAL PMTS	23,072.00	19,983.69	3,088.31
FRINGE	5,275.00	3,798.69	1,476.31
CONSULTANTS			0.00
EQUIPMENT			0.00
PURCHASE OF SERVICE			0.00
RENOVATION			0.00
CONSTRUCTION			0.00
REAL PROPERTY PURCHASE			0.00
UTILITIES	892.00	420.24	471.76
RENT / OCCUPANCY EXPENSE	1,345.00	1,622.85	-277.85
FOOD			0.00
INSURANCE	1,058.00	1,000.18	57.82
PROF. DUES/LICENSE FEES	204.00	140.76	63.24
OFFICE SUPPLIES	369.00	560.26	-191.26
TRANSPORT/TRAVEL	542.00	1,171.14	-629.14
HOUSEKEEPING/ MAINTENANCE/REPAIRS	1,031.00	1,025.41	5.59
POSTAGE	23.00	12.48	10.52
PRINTING/DUPLICATION	15.00	37.38	-22.38
STAFF DEVELOPMENT/ TRAINING	196.00	204.99	-8.99
CLIENT ACTIVITIES			0.00
ADVERTISING		0.00	0.00
LEGAL/ACCOUNTING AUDIT	188.00	0.00	188.00
TOTAL DIRECT COSTS	34,210.00	29,978.07	4,231.93
INDIRECT COST (Admin Overhead)	2,792.00	2,737.50	54.50
TOTAL COSTS	37,002.00	32,715.57	4,286.43
LESS: PRP'S SERVICE FEE	(8,397.00)	(8,351.90)	-45.10
LESS: IHHS WAIVER SERVICE FEE	0.00		0.00
LESS: PROGRAM LOSS	0.00	0.00	0.00
TOTAL	28,605.00	24,363.67	4,241.33

DHMH 438 (REV. August 2001)

SECTION III.

SUMMARY OF RECEIPTS

SOURCE OF FUNDS	ACTUAL RECEIPTS	DPCA ONLY
DHMH	24,219.14	
OTHER STATE (PRP)	8,351.90	
LOCAL GOVT.		
DIRECT FEDERAL		
FUND RAISING		
UNITED CHARITIES		
INTEREST		
CARRYOVER		
FOOD STAMPS		
OTHER (SPECIFY)		
-CLIENT FEES-		
PRIVATE PAY		
MEDICAID		
MEDICARE		
INSURANCE		
SSI		
OTHER (SPECIFY)		
TOTAL	32,571.04	

SECTION IV.

PERFORMANCE MEASURES

PERFORMANCE MEASURE	BUDGET ESTIMATE	YTD THRU

CORNERSTONE MONTGOMERY, INC.
QUARTERLY REPORT TO THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE HUMAN
SERVICE (DHMH 438 REPORTING REQUIREMENT)
QUARTER ENDING JUNE 30, 2023

DEPARTMENT OF HEALTH AND MENTAL HYGIENE
HUMAN SERVICE AGREEMENTS
DHMH 438
INTERIM REPORT OF ACTUAL EXPENSES, RECEIPTS
AND PERFORMANCE MEASURES

SECTION I.

1) VENDOR NAME <u>Cornerstone Southern Maryland</u>	9) CONTRACT AWARD# <u>MH 591 OTH</u>
2) VENDOR ADDRESS <u>P.O. Box 998</u>	10) STATE FISCAL YEAR <u>FY 2023</u>
3) CITY/STATE/ZIP <u>Prince Frederick, MD 20678</u>	11) REPORT PERIOD <u>4/1/2023 TO 6/30/2023</u>
4) PROJECT TITLE <u>Mental Health Stabilization (YCR)</u>	By my signature, I attest that the information
5) TELEPHONE NUMBER <u>(410) 535-4787</u>	contained is correct, that payment requested is just
6) CONTACT PERSON <u>Rush Cox</u>	and correct and that payment has not been
7) DIRECTOR'S NAME <u>Karen Carloni</u>	requested previously.
8) FEDERAL EMPLOYER ID <u>52-1241267</u>	12) SIGNATURE <u></u> 7/14/2023
	BLUE INK DATE

SECTION II.

SUMMARY OF EXPENDITURES

LINE ITEMS MAY NOT BE CHANGED	APPROVED TOTAL PROGRAM BUDGET	ACTUAL EXPEND. THRU 6/30/203	VARIANCE UNDER (OVER)
SALARIES/SPECIAL PMTS	22,683.00	11,938.90	10,744.10
FRINGE	5,399.00	1,330.28	4,068.72
CONSULTANTS	8,125.00	0.00	8,125.00
EQUIPMENT			0.00
PURCHASE OF SERVICE			0.00
RENOVATION			0.00
CONSTRUCTION			0.00
REAL PROPERTY PURCHASE			0.00
UTILITIES	930.00	504.80	425.20
RENT / OCCUPANCY EXPENSE	316.00	229.91	86.09
FOOD			0.00
INSURANCE	1,418.00	920.10	497.90
PROF. DUES/LICENSE FEES	125.00	140.76	-15.76
OFFICE SUPPLIES	644.00	119.59	524.41
TRANSPORT/TRAVEL	1,814.00	0.00	1,814.00
HOUSEKEEPING/ MAINTENANCE/REPAIRS	111.00	117.16	-6.16
POSTAGE	908.00	484.53	423.47
PRINTING/DUPPLICATION	28.00	0.00	28.00
STAFF DEVELOPMENT/ TRAINING	202.00	49.83	152.17
CLIENT ACTIVITIES			0.00
ADVERTISING	367.00	0.00	367.00
LEGAL/ACCOUNTING/AUDIT	188.00	0.00	188.00
TOTAL DIRECT COSTS	43,446.00	15,835.86	27,610.14
INDIRECT COST (Admin Overhead)	4,827.00	3,243.00	1,584.00
TOTAL COSTS	48,273.00	19,078.86	29,194.14
LESS:			0.00
LESS:			0.00
LESS:			0.00
TOTAL	48,273.00	19,078.86	29,194.14

DHMH 438 (REV. August 2001)

SECTION III.

SUMMARY OF RECEIPTS

SOURCE OF FUNDS	ACTUAL RECEIPTS	DPCA ONLY
DHMH	19,079.24	
OTHER STATE (PRP)	0.00	
LOCAL GOVT.		
DIRECT FEDERAL		
FUND RAISING		
UNITED CHARITIES		
INTEREST		
CARRYOVER		
FOOD STAMPS		
OTHER (SPECIFY)		
-CLIENT FEES-		
PRIVATE PAY		
MEDICAID		
MEDICARE		
INSURANCE		
SSI		
OTHER (SPECIFY)		
TOTAL	19,079.24	

SECTION IV.

PERFORMANCE MEASURES

PERFORMANCE MEASURE	BUDGET ESTIMATE	YTD THRU

DEPARTMENT OF HEALTH AND MENTAL HYGIENE
HUMAN SERVICES AGREEMENTS
DHMH 438
INTERIM REPORT OF ACTUAL EXPENSES & RECEIPTS
AND PERFORMANCE MEASURES

1) VENDOR NAME	Cornerstone Southern Maryland
2) VENDOR ADDRESS	P. O. Box 998
3) CITY/STATE/ZIP	Prince Frederick, MD 20678
4) PROJECT TITLE	Maryland Readmission Reduction Pilot Program
5) TELEPHONE NUMBER	(410) 535-4787
6) CONTACT PERSON	Rush Cox

11) REPORTING PERIOD	4/1/2023	TO	6/30/2023
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12) SIGNATURE  7/19/2023
(BLUE INK) DATE

LINE ITEMS MAY NOT BE CHANGED	FINAL/APPROVED TOTAL PROGRAM BUDGET	ACTUAL EXPEND YTD 6/30/2023	VARIANCE UNDER (OVER)
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SOURCE OF FUNDS	ACTUAL RECEIPTS	DPCA ONLY
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DHMH	2,087.23	
OTHER STATE		
LOCAL GOVT.		
DIRECT FEDERAL		
FUND RAISING		
UNITED CHARITIES		
INTEREST		
CARRYOVER		
FOOD STAMPS		
OTHER (SPECIFY)		
CLIENT FEES		
PRIVATE PAY		
MEDICAID		
MEDICARE		
INSURANCE		
SSI		
OTHER (SPECIFY)		
TOTAL	2,087.23	

PERFORMANCE MEASURE	BUDGET ESTIMATE	YTD THRU
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See attachment		

CORNERSTONE MONTGOMERY, INC.
QUARTERLY REPORT TO THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE HUMAN
SERVICE (DHMH 438 REPORTING REQUIREMENT)
QUARTER ENDING JUNE 30, 2023

DEPARTMENT OF HEALTH AND MENTAL HYGIENE
HUMAN SERVICE AGREEMENTS
DHMH 438
INTERIM REPORT OF ACTUAL EXPENSES, RECEIPTS
AND PERFORMANCE MEASURES

SECTION I.

1) VENDOR NAME Cornerstone Southern Maryland 9) CONTRACT AWARD# _____

2) VENDOR ADDRESS P.O. Box 998 10) STATE FISCAL YEAR FY 2023

3) CITY/STATE/ZIP Prince Frederick, MD 20678 11) REPORT PERIOD 4/1/2023 TO 6/30/2023

4) PROJECT TITLE Behavior Health Liaison By my signature, I attest that the information

5) TELEPHONE NUMBER (410) 535-4787 contained is correct, that payment requested is just

6) CONTACT PERSON Rush Cox and correct and that payment has not been

7) DIRECTOR'S NAME Karen Carlioni requested previously.

8) FEDERAL EMPLOYER ID 52-1241267 12) SIGNATURE [Signature] 7/25/2023

BLUE INK DATE

SECTION II.
SUMMARY OF EXPENDITURES

LINE ITEMS MAY NOT BE CHANGED	APPROVED TOTAL PROGRAM BUDGET	ACTUAL EXPEND. THRU 6/30/2023	VARIANCE UNDER (OVER)
SALARIES/SPECIAL PMTS	22,532.00	29,473.59	(6,941.59)
FRINGE	3,754.00	7,962.83	(4,208.83)
CONSULTANTS	799.00	0.00	799.00
EQUIPMENT	0.00	0.00	-
PURCHASE OF SERVICE	0.00	0.00	-
RENOVATION	0.00	0.00	-
CONSTRUCTION	0.00	0.00	-
REAL PROPERTY PURCHASE	0.00	0.00	-
UTILITIES	969.00	711.34	257.66
RENT/OCCUPANCY EXPENSE	315.00	421.32	(106.32)
FOOD	0.00	0.00	-
INSURANCE	1,270.00	2,197.70	(927.70)
PROF. DUES/LICENSE FEES	156.00	140.76	15.24
OFFICE SUPPLIES	245.00	58.70	186.30
TRANSPORT/TRAVEL	276.00	6.00	270.00
HOUSEKEEPING/	0.00	0.00	-
MAINTENANCE/REPAIRS	307.00	490.53	(183.53)
POSTAGE	76.00	0.00	76.00
PRINTING/DUPPLICATION	165.00	62.29	102.71
STAFF DEVELOPMENT/	0.00	0.00	-
TRAINING	168.00	0.00	168.00
CLIENT ACTIVITIES	0.00	0.00	-
ADVERTISING	0.00	0.00	-
LEGAL/ACCOUNTING AUDIT	200.00	0.00	200.00
OTHER: PROGRAM SUPPLIES	77.00	97.67	(20.67)
VEHICLE LEASE	1,195.00	0.00	1,195.00
RECRUITING	0.00	0.00	-
TOTAL DIRECT COSTS	32,504.00	41,622.73	(9,118.73)
Indirect Cost (admin Overhead)	3,611.00	4,312.00	(701.00)
TOTAL COSTS	36,115.00	45,934.73	(9,819.73)
LESS: PROGRAM LOSS	-	-	-
TOTAL DHMH FUNDING	36,115.00	45,934.73	(9,819.73)

DHMH 438 (REV. August 2001)

SECTION III
SUMMARY OF RECEIPTS

SOURCE OF FUNDS	ACTUAL RECEIPTS	DPCA ONLY
DHMH	\$ 36,115.23	
OTHER STATE		
LOCAL GOVT.		
DIRECT FEDERAL		
FUND RAISING		
UNITED CHARITIES		
INTEREST		
CARRYOVER		
FOOD STAMPS		
OTHER (SPECIFY)		
-CLIENT FEES-		
PRIVATE PAY		
MEDICAID		
MEDICARE		
INSURANCE		
SSI		
OTHER (SPECIFY)		
TOTAL	\$ 36,115.23	

SECTION IV. PERFORMANCE MEASURES

PERFORMANCE MEASURE	BUDGET ESTIMATE	YTD THRU

CORNERSTONE MONTGOMERY, INC.
QUARTERLY REPORT TO THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE HUMAN
SERVICE (DHMH 438 REPORTING REQUIREMENT)
QUARTER ENDING JUNE 30, 2023

DEPARTMENT OF HEALTH AND MENTAL HYGIENE
HUMAN SERVICES AGREEMENTS
DHMH 438
INTERIM REPORT OF ACTUAL EXPENSES & RECEIPTS
AND PERFORMANCE MEASURES

SECTION I.

1) VENDOR NAME <u>Cornerstone Southern Maryland</u> 2) VENDOR ADDRESS <u>P. O. Box 998</u> 3) CITY/STATE/ZIP <u>Prince Frederick, MD 20678</u> 4) PROJECT TITLE <u>Project for Assistance in Transition from Homelessness</u> 5) TELEPHONE NUMBER <u>(410) 535-4787</u> 6) CONTACT PERSON <u>Rush Cox</u> 7) DIRECTOR'S NAME <u>Karen Carloni</u> 8) FEDERAL EMPLOYER ID <u>52-1241267</u>	9) CONTRACT AWARD # <u>0</u> 10) STATE FISCAL YEAR <u>FY 2023</u> 11) REPORTING PERIOD <u>4/1/2023</u> TO <u>6/30/2023</u> By my signature, I attest that the information contained is correct, that payment requested is just and correct and that payment has not been requested previously. 12) SIGNATURE <u></u> <u>7/25/2023</u> (BLUE INK) DATE
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SECTION II. SUMMARY OF EXPENDITURES

LINE ITEMS MAY NOT BE CHANGED	FINAL/APPROVED TOTAL PROGRAM BUDGET	ACTUAL EXPEND YTD 6/30/2023	VARIANCE UNDER (OVER)
SALARIES/SPEC. PMTS.	6,990.00	7,769.27	(779.27)
FRINGE	545.00	902.68	(357.68)
CONSULTANTS	0.00	0.00	0.00
EQUIPMENT	0.00	0.00	0.00
PURCHASE OF SERVICE	0.00	0.00	0.00
RENOVATION	0.00	0.00	0.00
CONSTRUCTION	0.00	0.00	0.00
REAL PROPERTY PURCHASE	0.00	0.00	0.00
UTILITIES	258.00	222.89	35.11
RENT/OCCUPANCY EXPENSES	1,274.00	1,352.37	(78.37)
FOOD	0.00	0.00	0.00
MEDICINES & DRUGS	0.00	0.00	0.00
MEDICAL SUPPLIES	0.00	0.00	0.00
OFFICE SUPPLIES	39.00	132.59	(93.59)
TRANSPORT/TRAVEL	273.00	3.00	270.00
HOUSEKEEPING/	0.00	0.00	0.00
MAINTENANCE/REPAIRS	218.00	322.33	(104.33)
POSTAGE	18.00	4.18	13.82
PRINTING/DUPLICATION	14.00	37.38	(23.38)
STAFF DEVELOPMENT/	79.00	0.00	79.00
TRAINING	0.00	0.00	0.00
CLIENT ACTIVITIES	0.00	0.00	0.00
ADVERTISING	0.00	0.00	0.00
INSURANCE	263.00	193.24	69.76
LEGAL/ACCOUNTING AUDIT	125.00	0.00	125.00
PROFESSIONAL DUES	158.00	140.76	17.24
OTHER	0.00	0.00	0.00
(ATTACH ITEMIZATION)	0.00	0.00	0.00
LICENSE - HMIS	169.00	0.00	169.00
PROGRAM SUPPLIES	72.00	108.50	(36.50)
RENTAL/HOUSING ASSISTAN	38.00	0.00	38.00
SPECIAL PROJECTS	0.00	0.00	0.00

TOTAL DIRECT COSTS	10,533.00	11,189.19	(656.19)
INDIRECT COST	334.00	351.00	(17.00)
TOTAL COSTS	10,867.00	11,540.19	(673.19)

SECTION III. SUMMARY OF RECEIPTS

SOURCE OF FUNDS	ACTUAL RECEIPTS	DPCA ONLY
DHMH	33,438.00	
OTHER STATE		
LOCAL GOVT.		
DIRECT FEDERAL		
FUND RAISING		
UNITED CHARITIES		
INTEREST		
CARRYOVER		
FOOD STAMPS		
OTHER (SPECIFY)		
SMCN PROG SUPPORT	12,878.33	
CLIENT FEES		
PRIVATE PAY		
MEDICAID		
MEDICARE		
INSURANCE		
SSI		
OTHER (SPECIFY)		
TOTAL	46,316.33	

SECTION IV. PERFORMANCE MEASURES

PERFORMANCE MEASURE	BUDGET ESTIMATE	YTD THRU
See attachment		

CORNERSTONE MONTGOMERY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Health and Human Services				
COVID 19 - Demonstration Programs to Improve Community Mental Health Services	93.829	N/A	\$ -	\$ 1,170,029
Certified Community Behavioral Health Clinic Expansion Grants	93.696	N/A	-	342,863
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 1,512,892</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

CORNERSTONE MONTGOMERY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Cornerstone Montgomery, Inc., (the Organization) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Organization.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures are reported on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis of accounting, expenses for capitalized assets and prepaid items are recognized when paid. If the schedule were maintained on the accrual basis of accounting, all expenses would be recognized when incurred. The modified cash basis includes accounts payable and accrued expenses as it does on an accrual basis. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COSTS

The Organization has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Cornerstone Montgomery, Inc.
Rockville, Maryland

We have audited, in accordance with the 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, the financial statements of Cornerstone Montgomery, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated Report Date.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cornerstone Montgomery, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cornerstone Montgomery, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Cornerstone Montgomery, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items [list the findings reference numbers, for example 20X1-003 and 20X1-004] that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cornerstone Montgomery, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items [list the findings reference numbers, for example, 20X1-001 and 20X1-002].

Cornerstone Montgomery, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Cornerstone Montgomery, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Cornerstone Montgomery, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Arlington, Virginia
Report Date

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Cornerstone Montgomery, Inc.
Rockville, Maryland

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cornerstone Montgomery, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Cornerstone Montgomery, Inc.'s major federal program for the year ended June 30, 2023. Cornerstone Montgomery, Inc.'s major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Cornerstone Montgomery, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Cornerstone Montgomery, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Cornerstone Montgomery, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Cornerstone Montgomery, Inc.'s federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Cornerstone Montgomery, Inc.'s compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Cornerstone Montgomery, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Cornerstone Montgomery, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Cornerstone Montgomery, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Cornerstone Montgomery, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items [list the reference numbers of the related findings, for example, 20X1-001 and 20X1-002]. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Cornerstone Montgomery, Inc.'s response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Cornerstone Montgomery, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance

requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

Arlington, Virginia
Report Date

**CORNERSTONE MONTGOMERY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 31, 2023**

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weaknesses identified? _____ yes x no
 - Significant deficiencies identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weaknesses identified? _____ yes x no
 - Significant deficiencies identified? x yes _____ none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

Assistance Listing Numbers

93.829

Name of Federal Program or Cluster

Demonstration Programs to Improve Community Mental Health Services

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ yes x no

**CORNERSTONE MONTGOMERY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs – Major Federal Programs

2023-001 Reporting

Federal Agency: Department of Health and Human Services

Federal Program Name: COVID 19 - Demonstration Programs to Improve Community Mental Health Services

Federal Award Identification Number and Year: H79SM083348 - 2023

Assistance Listing Number: 93.829

Award Period: February 15, 2021 – February 14, 2023

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matter - Compliance

Criteria: 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award requires compliance with the reporting requirements. The Organization should have internal controls designed to ensure compliance with those provisions.

Condition: During our testing, we noted the Organizations internal controls were not sufficient to ensure reports were submitted timely and documentation was maintained to support the details of the reports submitted.

Questioned Costs: None.

Context: We noted Cornerstone Montgomery did not submit timely 2 of 7 relevant reports selected for testing. In addition, there were 5 of 7 reports selected for tested where the evidence of review was not found before submission. Furthermore, for 3 of the 7 reports, we were not able to determine whether the reports were submitted timely as the Organization was not able to provide proof to substantiate timely submission.

Cause: Insufficient internal controls of reporting.

Effect: Inability to determine accuracy and timeliness of reports.

Repeat Finding: 2021-004 and 2022-001

Recommendation: We recommend internal controls over reporting be enhanced to ensure evidence is maintained to support the reports and review performed over the reports.