FORWARD IN FAITH, INC.

Financial Statements

June 30, 2014 and 2013

(With Independent Auditors’ Report Thereon)

KPMG LLP
1676 International Drive
McLean, VA 22102

Independent Auditors' Report

Board of Directors
Forward in Faith, Inc.:

We have audited the accompanying financial statements of Forward in Faith, Inc. (Forward in Faith), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Forward in Faith, Inc. as of June 30, 2014 and 2013, and the changes in net assets and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG LLP

November 25, 2014

FORWARD IN FAITH, INC.

Statements of Financial Position

June 30, 2014 and 2013

Assets		**2014**	**2013**
Cash and cash equivalents	$	444,340	1,499,861
Contributions receivable, net (note 3)		1,003,794	2,064,597
Notes receivable, net (note 4)		3,768,194	4,176,315
Due from others		86,761	61,949
Investments (note 2)		79,515,888	70,984,214
Total assets	$	84,818,977	78,786,936
Liabilities and Net Assets			
Liabilities:			
Funds held on behalf of others (note 1(k))	$	3,556,196	5,176,401
Contributions payable (notes 5 and 9)		2,049,493	2,806,353
Due to others		167,383	31,430
Total liabilities		5,773,072	8,014,184
Net assets:			
Unrestricted		4,839,316	1,829,033
Temporarily restricted (notes 6 and 8)		9,500,429	4,349,242
Permanently restricted (notes 6 and 8)		64,706,160	64,594,477
Total net assets		79,045,905	70,772,752
Total liabilities and net assets	$	84,818,977	78,786,936

See accompanying notes to financial statements.

FORWARD IN FAITH, INC.

Statements of Activities

Years ended June 30, 2014 and 2013

	2014				2013			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**	**Unrestricted**	**Temporarily restricted**	**Permanently restricted**	**Total**
Change in unrestricted net assets:								
Revenue, gains, and other support:								
Contributions, donations, and gifts	$ —	14,310	55,808	70,118	—	866,596	3,379,726	4,246,322
Investment income (loss) (note 2)	3,490,946	6,914,429	—	10,405,375	1,878,594	4,739,528	—	6,618,122
Change in the value of pledges	—	14,327	55,875	70,202	—	(30,876)	(120,415)	(151,291)
Replenish restricted assets with				—				—
unrestricted assets (note 8)	—	—	—	—	1,484,178	(1,484,178)	—	—
Net assets released from restrictions								
(note 7)	1,791,879	(1,791,879)	—	—	2,318,132	(2,318,132)	—	—
Total unrestricted revenue, gains, and other support	5,282,825	5,151,187	111,683	10,545,695	5,680,904	1,772,938	3,259,311	10,713,153
Expenses:								
Program services:								
Scholarships	1,050,000	—	—	1,050,000	750,000	—	—	750,000
Pro-Life Apostolate	5,000	—	—	5,000	50,000	—	—	50,000
St. Joseph’s Lay Leadership Institute	40,110	—	—	40,110	182,996	—	—	182,996
Archdiocesan Charitable Fund	—	—	—	—	517,647	—	—	517,647
Homeless and Poor	493	—	—	493	—	—	—	—
Multicultural Apostolate	300,000	—	—	300,000	200,000	—	—	200,000
Seminarian expenses	90,000	—	—	90,000	60,000	—	—	60,000
Mission Seminary – Redemptoris	50,138	—	—	50,138	228,744	—	—	228,744
Needy Parishes and Schools	520,000	—	—	520,000	230,000	—	—	230,000
Howard University Campus Ministry	28,000	—	—	28,000	—	—	—	—
Women Religious Housing	28,000	—	—	28,000	—	—	—	—
Total program services	2,111,741	—	—	2,111,741	2,219,387	—	—	2,219,387
Administrative costs	160,801	—	—	160,801	270,961	—	—	270,961
Total expenses	2,272,542	—	—	2,272,542	2,490,348	—	—	2,490,348
Increase in net assets	3,010,283	5,151,187	111,683	8,273,153	3,190,556	1,772,938	3,259,311	8,222,805
Net assets at beginning of year	1,829,033	4,349,242	64,594,477	70,772,752	(1,361,523)	2,576,304	61,335,166	62,549,947
Net assets at end of year	$ 4,839,316	9,500,429	64,706,160	79,045,905	1,829,033	4,349,242	64,594,477	70,772,752

See accompanying notes to financial statements.

FORWARD IN FAITH, INC.

Statements of Cash Flows

Years ended June 30, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Change in net assets	$ 8,273,153	8,222,805
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Unrealized and realized investment gains, net	(10,263,791)	(6,431,544)
Recovery of uncollectible contributions	(156,510)	(51,000)
Decrease (increase) in assets:		
Contributions receivable	1,217,313	480,266
Due from others	(24,812)	1,712
Increase (decrease) in liabilities:		
Funds held on behalf of others	(1,620,205)	694,492
Contributions payable	(756,860)	1,514,060
Due to others	135,953	(56,670)
Contributions collected and revenue restricted for long term investments	(782,149)	(3,568,414)
Net cash (used in) provided by operating activities	(3,977,908)	805,707
Cash flows from investing activities:		
Purchases of investments	(7,230,541)	(22,222,118)
Proceeds from the sale of investments	8,962,658	13,496,443
Principal payments received on notes receivable	408,121	787,540
Net cash provided by (used in) investing activities	2,140,238	(7,938,135)
Cash flows from financing activity:		
Proceeds from contributions restricted for:		
Investment in endowment	782,149	3,568,414
Net cash provided by financing activity	782,149	3,568,414
Net decrease in cash	(1,055,521)	(3,564,014)
Cash and cash equivalents at beginning of year	1,499,861	5,063,875
Cash and cash equivalents at end of year	$ 444,340	1,499,861

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization

Forward in Faith, Inc. (FIF) was incorporated as a 501(c)(3) corporation on June 22, 2005 to further the educational, charitable and religious works of the Archdiocese of Washington. FIF is governed by an independent board of directors, and the accounting for FIF is performed under a services agreement with the Central Pastoral Administration of the Archdiocese of Washington (CPA). Funds for this corporation were received as a result of the FIF campaign which had a $135 million goal. The FIF campaign raised funds for programs of the Archdiocese of Washington, including Catholic Charities, parishes and other entities within the Archdiocese. The funds raised for Catholic Charities and parishes are recorded as funds held on behalf of others in the statements of financial position.

(b) Basis of Presentation

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles on the accrual basis of accounting.

(c) Cash Equivalents

For financial statement purposes, FIF considers funds in money markets and overnight investments to be cash equivalents, except for money market funds held by investment managers, which are classified as investments.

(d) Investments

Investments are recorded at fair value, which is determined using quoted market prices or, with respect to investments without quoted market prices, at estimated fair values provided by external investment managers. Management reviews and evaluates the fair values provided by the external investment managers and believes that the valuation methods and assumptions used in determining their estimated fair values are reasonable.

FIF entered into a Trust Agreement with the Catholic Investment Trust of Washington (CITW) on March 29, 2012. Pursuant to this agreement, FIF transferred its long-term investments to CITW effective April 2, 2012. The pooled investments of CITW are managed by independent investment managers, and the securities are held by bank custodians. CITW is invested in a diversified portfolio consisting primarily of cash equivalents, domestic and foreign equity and fixed income securities, bonds, money market funds, private equity, balanced and closed end mutual funds, hedge funds, and U.S. government and agency securities. The investment in CITW is reported at estimated fair values utilizing net asset value. FIF reviews and evaluates the net asset values provided by the general partner and fund managers and believes that the valuation methods and assumptions used in determining the net asset values are reasonable.

(e) Contributions Receivable

Contributions receivable are initially recorded net of a discount for the time value of money for payments to be received in future years and net of an allowance for uncollectible amounts. The contributions receivable is subsequently adjusted for accretion of discount and changes in estimates of collectability.

(f) Charitable Gift Annuities

There are several charitable gifts annuity agreements for FIF. These are maintained within the Central Pastoral Administration of the Archdiocese of Washington. FIF receives contributed assets in exchange for a promise to pay the donor a fixed amount over a specified period of time, typically until the donor's death. An estimate of the related liability has been recorded on the books of the Central Pastoral Administration of the Archdiocese of Washington. The net receivable is recorded in FIF as due from others, based on the present value of future life expectancy of the donor.

(g) Notes Receivable and Allowance

Notes receivable represent loans to parishes with schools to be used for building, renovating or maintaining school buildings. Loans must be approved by the FIF Board of Directors (the Board). Notes receivable are stated at the amount management expects to collect on the statements of financial position. FIF follows a policy to calculate the probable uncollectible amount reserving anywhere from 10% to 100% based on the borrower's ability to pay. This allowance for uncollectible notes receivable is adjusted through a provision for bad debt expense.

(h) Revenue Recognition and Net Assets

Net assets and revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions; accordingly, the net assets of FIF and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions that may or will be met either by actions of FIF and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed restrictions that they be maintained permanently by FIF. Generally, the donors of these assets permit FIF to use all or part of the income earned on related investments for general or specific purposes.

Revenue is reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Investment income is reported as increases in unrestricted net assets unless its use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

(i) Income Taxes

FIF is exempt from federal income tax, except on unrelated activities, under the provisions of Section 501(c)(3) of the Internal Revenue Code. No provision has been made for income taxes since FIF had no significant unrelated business income.

(Continued)

Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

(j) Concentration of Credit Risk

Financial instruments that potentially subject FIF to concentrations of credit risk consist primarily of notes receivable. At June 30, 2014 and 2013, the gross notes receivable balance relating to notes from parishes/schools was $5,018,194 and $5,426,315, respectively (see note 4).

FIF invests in various investment securities. Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

(k) Estimates

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

(l) Funds Held on Behalf of Others

FIF records amounts due to other organizations as funds held on behalf of others when the moneys are received. These amounts consist primarily of contributions received by the FIF's fundraising campaign for the benefit of other Archdiocesan entities.

(m) Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

(2) Investments and Fair Value Measurements

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. FASB ASC 820 establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The three level fair value hierarchy that describes the inputs that are used to measure assets is as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities

Level 2 – Other observable inputs, either directly or indirectly, including: quoted prices for similar assets/liabilities in active markets; quoted prices for identical or similar assets in nonactive markets; inputs other than quoted prices that are observable for the asset/liability; and inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity.

Investments measured using net asset value are considered Level 2 if they are redeemable at or near fiscal year end, otherwise they are considered Level 3.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of an input that is significant to the fair value measurement.

FIF transferred its investments, effective April 2, 2012, to the CITW. Pursuant to this agreement, legal title of the assets was transferred to CITW and FIF, as grantor, holds an interest in the NAVs of the investments in CITW. FIF owns only its interest in CITW and has no claim on the interest held by other participants in CITW and no other participants have a claim on FIF's interest in CITW. The following table shows classification of investments by level of the fair value hierarchy in CITW as of June 30:

	2014	**2013**
Level 1	67.7%	69.1%
Level 2	16.9	27.4
Level 3	15.4	3.5

FIF also held investments outside of CITW as of June 30, 2014 and June 30, 2013. The estimated values of U.S. Treasury securities were disclosed in Level 1 as the values are based on unadjusted market prices. The other investments held outside of CITW included U.S. government and agency securities, domestic money market funds, and corporate and foreign bonds, and are included in Level 2 of the fair value hierarchy as the values are based on observable market information.

The following is a summary of the fair value measurements of FIF's investments within the fair value hierarchy as of June 30:

	2014	**Level 1**	**Level 2**	**Level 3**
Assets:				
Investment in CITW	$ 71,675,340	—	61,478,497	10,196,843
U.S. government agencies	3,008,071	—	3,008,071	—
U.S. Treasury obligations	1,201,714	1,201,714	—	—
Corporate and foreign bonds	2,396,660	—	2,396,660	—
Money market funds – domestic	1,234,103	—	1,234,103	—
	$ 79,515,888	1,201,714	68,117,331	10,196,843

	2013	Level 1	Level 2	Level 3
Assets:				
Investment in CITW	$ 61,387,284	—	59,238,729	2,148,555
U.S. government agencies	2,413,353	—	2,413,353	—
U.S. Treasury obligations	4,201,454	4,201,454	—	—
Corporate and foreign bonds	2,356,888	—	2,356,888	—
Money market funds – domestic	625,235	—	625,235	—
	$ 70,984,214	4,201,454	64,634,205	2,148,555

The fair value of other financial instruments, principally accounts receivable, accounts payable, and due to affiliate approximates their carrying value at June 30, 2014 and 2013 because of the short maturity of these items.

FIF used the net asset value (NAV) or its equivalent to determine the fair value of its underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The fair value of investment in CITW of $71,675,340 and $61,387,284 at June 30, 2014 and 2013, respectively, is estimated using the net asset value. There are no unfunded commitments for the investment.

The investments of CITW are comprised of three portfolios: Traditional, Semi-liquid and Illiquid. The investment objective of each portfolio, consistent with the Investment Policy Statement approved by CITW's Board of Trustees, is long-term total return that net of fees exceeds the aggregate portfolio benchmark's total return with less risk. The Traditional portfolio is valued monthly and redemption by the grantors is permitted at the valuation date. The Semi-liquid portfolio is valued at the beginning of each quarter and can be redeemed with 30 days' notice after quarter-end. The Illiquid portfolio is valued at the beginning of each quarter and does not have a redemption frequency.

Investment income (loss) for the years ended June 30 were as follows:

	2014	2013
Interest and dividends	$ 171,832	210,726
Realized losses, net	(21,412)	(49,614)
Unrealized gains, net	10,285,203	6,481,159
Less administrative investment fees	(30,248)	(24,149)
Investment income	$ 10,405,375	6,618,122

(Continued)

(3) Contributions Receivable

Contributions receivable are summarized as follows at June 30:

		2014	2013
Unconditional promises before allowance for uncollectible contributions receivable expected to be collected in:			
Less than one year	$	1,778,284	2,995,597
Less allowance for uncollectible contributions receivable		(774,490)	(931,000)
	$	1,003,794	2,064,597

(4) Notes Receivable

Notes receivable are summarized as follows at June 30:

		2014	2013
Notes receivable from Parishes/Schools	$	5,018,194	5,426,315
Less allowance for uncollectible notes receivable		(1,250,000)	(1,250,000)
	$	3,768,194	4,176,315

(5) Contributions Payable

Contributions payable represent amounts pledged to certain organizations primarily within the Archdiocese. All amounts are expected to be disbursed in less than one year. See note 9 for related party information.

(6) Temporarily and Permanently Restricted Net Assets

The following summarizes the nature of the temporarily restricted net assets at June 30 and the purposes for which such net assets may be used:

		2014	2013
HU Campus Ministry Center	$	817,592	844,160
St. Joseph's Lay Leadership Institute		32,213	66,596
Archdiocesan Charitable Fund		82,128	77,833
Pro-Life Apostolate		592	4,160
Homeless and Poor		—	493
Mission Seminary – Redemptoris		40,267	83,245
Women Religious Housing		817,592	844,160
Ministry Enhancement Fund		240,266	283,245
Scholarships – Endowment Income		4,831,894	1,326,523
Needy Parish Fund – Endowment Income		832,042	314,073
Seminarian Education – Endowment Income		435,800	133,059
Multicultural Apostolate – Endowment Income		1,370,043	371,695
	$	9,500,429	4,349,242

The following summarizes the nature of the permanently restricted net assets at June 30 and the purposes for which the income or a portion of income on such net assets may be used:

		2014	2013
Scholarships	$	29,595,713	29,545,599
Parish/School Building Fund		19,889,795	19,853,999
Needy Parish Endowment		4,227,959	4,220,800
Seminarian Education Endowment		2,536,775	2,532,480
Multicultural Apostolate		8,455,918	8,441,599
	$	64,706,160	64,594,477

(7) Net Assets Released from Restrictions

Net assets were released from temporary restrictions by incurring expenses satisfying the restricted purposes or by the passage of time for the years ended June 30 as follows:

		2014	2013
Program services	$	1,741,741	2,089,387
Passage of time		50,138	228,745
Net assets released from restrictions	$	1,791,879	2,318,132

(8) Endowments

Effective April 14, 2009, the State of Maryland enacted the Uniform Prudent Management of Institutional Funds Act (the Act), the provisions of which apply to funds existing on or established after that date.

The Board of Directors of FIF has interpreted the Act as allowing FIF to spend or accumulate the amount of an endowment fund that FIF determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. For accounting and reporting purposes, FIF classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent 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 classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by the Act. If the disbursements under the spending rate policy exceed accumulated earnings, the deficiency is classified as an offset to unrestricted net assets until such time as it is recovered by future earnings. In accordance with the Act, FIF considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of FIF and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of FIF, and (7) the investment policies of FIF.

FIF has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that FIF must hold in perpetuity or for a donor-specified period(s) as well as designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that meet or exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. FIF expects its endowment funds, over time, to provide an average rate-of-return of that, net of fees, exceeds the aggregate benchmark's total return with less risk. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, FIF relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). FIF targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

FIF's policy includes the following: the classification of restricted gifts, the investment of restricted gifts, the definition of income earned, and the calculation of annual distributions. Gifts are pooled and invested to ensure assets increase over time thereby enhancing the funds' long-term health and fiscal viability. Income earned includes interest, dividends, and realized/unrealized gains and losses unless otherwise specified by the donor. Distributions can be made annually at a rate not to exceed 4% of the sum of the fair market value of the permanently restricted net assets and the income earned (which are classified as temporarily restricted net assets) using a three year rolling average.

Endowment net assets composition by type of fund as of June 30 was as follows:

	2014			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Donor-restricted endowment funds	$ —	7,469,779	44,389,538	51,859,317
Board designated funds	350,118	1,635,184	—	1,985,302
Endowment net assets	$ 350,118	9,104,963	44,389,538	53,844,619

	2013			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Donor-restricted endowment funds	$ —	2,145,350	43,858,078	46,003,428
Endowment net assets	$ —	2,145,350	43,858,078	46,003,428

Changes in endowment net assets for the fiscal year ended June 30:

	2014			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$ —	2,145,350	43,858,078	46,003,428
Investment return:				
Investment income	—	94,083	—	94,083
Realized and unrealized gains and losses, net	—	6,820,346	—	6,820,346
Total investment return	—	6,914,429	—	6,914,429
Contributions	—	—	531,460	531,460
Board designation	350,118	1,691,184	—	2,041,302
Appropriation of endowment assets for expenditure	—	(1,646,000)	—	(1,646,000)
Endowment net assets, end of year	$ 350,118	9,104,963	44,389,538	53,844,619

	2013			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$ (1,484,178)	—	41,433,386	39,949,208
Investment return:				
Investment income	—	133,616	—	133,616
Realized and unrealized gains and losses, net	—	4,605,912	—	4,605,912
Total investment return	—	4,739,528	—	4,739,528
Contributions	—	—	2,424,692	2,424,692
Replenish net assets	1,484,178	(1,484,178)	—	—
Appropriation of endowment assets for expenditure	—	(1,110,000)	—	(1,110,000)
Endowment net assets, end of year	$ —	2,145,350	43,858,078	46,003,428

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the states' enacted legislation requires FIF to retain as a fund for perpetual duration. In accordance with generally accepted accounting principles, the deficiencies of this nature that are reported in unrestricted net assets totaled $1,484,178 as of June 30, 2012. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of the permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board. Based on positive investment returns, there are no deficiencies at June 30, 2014 or 2013.

Permanently restricted net assets on the statements of financial position are made up of the following at June 30:

		2014	2013
Permanently restricted endowment net assets	$	44,389,538	43,858,078
Permanently restricted pledges receivable		426,826	882,400
Revolving loan fund		19,889,796	19,853,999
Total permanently restricted net assets	$	64,706,160	64,594,477

(9) Related-Party Transactions

FIF has significant transactions with parishes and related entities of the Archdiocese of Washington. Below is a summary of the impact of the transactions with these related parties on the statements of financial position and statements of activities as of and for the years ended June 30:

		2014	2013
Notes receivable, gross	$	5,018,194	5,426,315
Due from CPA		6,759	61,949
Investment in CITW		71,675,340	61,387,284
Funds held on behalf of others		3,556,196	5,176,401
Contributions payable due to:			
CPA		971,493	1,596,206
Catholic Education Foundation		1,050,000	1,092,500
Catholic Charities		28,000	117,647
Expenses:			
Program services		2,111,741	2,219,387
Administrative cost incurred with CPA		134,000	52,600

A member of the board of FIF is also a member of the board of trustees of CITW and another member of the board of FIF is a member of the Archdiocesan finance council.

(Continued)

(10) Subsequent Events

In preparing these financial statements, FIF has evaluated events and transactions for potential recognition or disclosure through November 25, 2014, the date that the financial statements were available to be issued. There were no events or transactions that were discovered during the evaluation that required accrual or further disclosure.