FORWARD IN FAITH, INC.

Financial Statements

June 30, 2015 and 2014

(With Independent Auditors' Report Thereon)

KPMG LLP
1676 International Drive
McLean, VA 22102

Independent Auditors' Report

The 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, 2015 and 2014, 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, 2015 and 2014, 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, 2015

FORWARD IN FAITH, INC.

Statements of Financial Position

June 30, 2015 and 2014

Assets		**2015**	**2014**
Cash and cash equivalents	$	1,618,248	444,340
Contributions receivable, net (note 3)		—	1,003,794
Notes receivable, net (note 4)		3,387,149	3,768,194
Due from others		47,827	86,761
Investments (note 2)		75,088,376	79,515,888
Total assets	$	80,141,600	84,818,977
Liabilities and Net Assets			
Liabilities:			
Funds held on behalf of others (note 1(k))	$	2,692,751	3,556,196
Contributions payable (notes 5 and 9)		2,533,922	2,049,493
Due to others		32,379	167,383
Total liabilities		5,259,052	5,773,072
Net assets:			
Unrestricted		3,882,255	4,839,316
Temporarily restricted (notes 6 and 8)		6,235,464	9,500,429
Permanently restricted (notes 6 and 8)		64,764,829	64,706,160
Total net assets		74,882,548	79,045,905
Total liabilities and net assets	$	80,141,600	84,818,977

See accompanying notes to financial statements.

FORWARD IN FAITH, INC.

Statements of Activities

Years ended June 30, 2015 and 2014

	2015				2014			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**	**Unrestricted**	**Temporarily restricted**	**Permanently restricted**	**Total**
Change in unrestricted net assets:								
Revenue, gains, and other support:								
Gifts and other changes in pledges	$ —	15,043	58,669	73,712	—	28,637	111,683	140,320
Investment income (loss) (note 2)	(371,838)	(961,922)	—	(1,333,760)	3,490,946	6,914,429	—	10,405,375
Net assets released from restrictions (note 7)	2,318,086	(2,318,086)	—	—	1,791,879	(1,791,879)	—	—
Total unrestricted revenue, gains, and other support	1,946,248	(3,264,965)	58,669	(1,260,048)	5,282,825	5,151,187	111,683	10,545,695
Expenses:								
Program services:								
Scholarships	1,220,000	—	—	1,220,000	1,050,000	—	—	1,050,000
Pro-Life Apostolate	—	—	—	—	5,000	—	—	5,000
St. Joseph’s Lay Leadership Institute	35,959	—	—	35,959	40,110	—	—	40,110
Archdiocesan Charitable Fund	83,922	—	—	83,922	—	—	—	—
Homeless and Poor	—	—	—	—	493	—	—	493
Multicultural Apostolate	350,000	—	—	350,000	300,000	—	—	300,000
Seminarian expenses	105,000	—	—	105,000	90,000	—	—	90,000
Mission Seminary – Redemptoris	44,948	—	—	44,948	50,138	—	—	50,138
Needy Parishes and Schools	635,000	—	—	635,000	520,000	—	—	520,000
Howard University Campus Ministry	30,000	—	—	30,000	28,000	—	—	28,000
Women Religious Housing	30,000	—	—	30,000	28,000	—	—	28,000
Ministry Enhancement	200,000	—	—	200,000	—	—	—	—
Total program services	2,734,829	—	—	2,734,829	2,111,741	—	—	2,111,741
Administrative costs	168,480	—	—	168,480	160,801	—	—	160,801
Total expenses	2,903,309	—	—	2,903,309	2,272,542	—	—	2,272,542
Change in net assets	(957,061)	(3,264,965)	58,669	(4,163,357)	3,010,283	5,151,187	111,683	8,273,153
Net assets at beginning 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
Net assets at end of year	$ 3,882,255	6,235,464	64,764,829	74,882,548	4,839,316	9,500,429	64,706,160	79,045,905

See accompanying notes to financial statements.

FORWARD IN FAITH, INC.

Statements of Cash Flows

Years ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	$ (4,163,357)	8,273,153
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Unrealized and realized investment (gains) losses, net	1,449,961	(10,263,791)
Recovery of uncollectible contributions	(73,266)	(77,248)
Decrease (increase) in assets:		
Contributions receivable	1,077,060	1,138,051
Due from others	38,934	(24,812)
Increase (decrease) in liabilities:		
Funds held on behalf of others	(863,445)	(1,620,205)
Contributions payable	484,429	(756,860)
Due to others	(135,004)	135,953
Contributions collected and revenue restricted for long-term investments	(689,010)	(782,149)
Net cash used in operating activities	(2,873,698)	(3,977,908)
Cash flows from investing activities:		
Purchases of investments	(6,981,784)	(7,230,541)
Proceeds from the sale of investments	9,959,335	8,962,658
Principal payments received on notes receivable	381,045	408,121
Net cash provided by investing activities	3,358,596	2,140,238
Cash flows from financing activity:		
Proceeds from contributions restricted for:		
Investment in endowment	689,010	782,149
Net cash provided by financing activity	689,010	782,149
Net increase (decrease) in cash	1,173,908	(1,055,521)
Cash and cash equivalents at beginning of year	444,340	1,499,861
Cash and cash equivalents at end of year	$ 1,618,248	444,340

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. The FIF campaign was substantially completed December 31, 2010; however, some donors continue to make payments beyond the completion date.

(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, Forward in Faith transferred its long-term investments to CITW effective April 2, 2012. For the year ended June 30, 2014, the investments in CITW were managed by independent investment managers, and the securities were held by bank custodians. CITW was invested in a diversified portfolio consisting 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.

Effective July 1, 2014, CITW entered into a limited partnership agreement with Cambridge Associates Resources, LLC, as General Partner, creating CITW Fund LP. CITW Fund LP invests in publicly traded stocks, exchange-traded funds, mutual funds, bonds, derivative contracts, unaffiliated limited partnerships, limited liability companies, private equity, and/or venture capital funds. CITW Fund LP generally seeks to achieve long-term equity-like returns through broadly diversifying by asset class, investment manager, geography, economic sector, and security.

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The investment in CITW and CITW's investment in CITW Fund LP are reported at estimated fair values utilizing net asset value (NAV). Forward in Faith reviews and evaluates the NAVs provided by the general partner and fund managers and believes that the valuation methods and assumptions used in determining the NAVs 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 collectibility. At June 30, 2015, the remaining balance was fully reserved. Subsequent collections that are expected to be nominal will be recognized as the cash is received.

(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. Contributions, which include unconditional promises to give, are recognized as revenue in the period

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the promise is made by the donor. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional revenue and used in accordance with donor-imposed restrictions, if any, on the contributions.

Expirations of temporary restrictions on net assets (i.e., the donor's 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 during the years ended June 30, 2015 and 2014 since FIF had no significant unrelated business income.

Tax positions are recognized or derecognized based on a more-likely than-not threshold. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which change in judgment occurs. This applies to positions taken or expected to be taken in a tax return. FIF recognizes interest accrued related to unrecognized tax benefits and penalties related to unrecognized tax benefits in accounts payable and accrued liabilities, if assessed. No interest expense or penalties have been recognized as of and for the years ended June 30, 2015 and 2014. 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, 2015 and 2014, the gross notes receivable balance relating to notes from parishes/schools was $4,637,149 and $5,018,194, respectively (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.

FIF holds cash and cash equivalents at two financial institutions. Although the amount at times exceeds the amount guaranteed by the Federal Deposit Insurance Corporation ($250,000), and therefore, bears some risk, FIF has neither experienced nor anticipates any losses on its funds. As of June 30, 2015, the amount held by financial institutions in excess of the insured limit totaled $1,368,439.

(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 fund-raising campaign for the benefit of other Archdiocesan entities.

(m) Recent Accounting Pronouncements

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)* (the ASU), which updates existing fair value guidance and amends Accounting Standards Codification 820 (ASC 820), *Fair Value Measurement*. The amendments in the ASU remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV per share practical expedient. Prior to the issuance of the ASU, investments valued using the NAV per share practical expedient were categorized within the fair value hierarchy based upon FIF's ability to redeem its investment on the measurement date. Reporting entities are required to adopt the ASU retrospectively. The effective date for adoption for public entities is fiscal years beginning after December 15, 2015 and for all other entities is fiscal years beginning after December 15, 2016 and interim periods within those fiscal years. Early adoption is permitted for all entities. Management has evaluated the ASU and determined that the NAV per share or its equivalent is the practical expedient for the investment in CITW. Management has, therefore, determined that early adoption of ASU 2015-07 is appropriate. The early adoption of the ASU by FIF changed certain disclosures in note 2, but did not have a material impact on its statements of financial position, activities, and cash flows.

(n) Reclassifications

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

(2) Investments and Fair Value Measurements

Fair value refers to the price that would be received upon selling an asset or the price paid to transfer a liability (an exit price) in the principal or most advantageous market for an asset or liability in an orderly transaction between market participants at the reporting date.

In accordance with the authoritative guidance on fair value measurements and disclosures under U.S. GAAP, as a practical expedient, an entity holding investments in certain entities that calculate NAV per share or its equivalent for which the fair value is not readily determinable, is permitted to measure the fair value of such investments on the basis of that net asset value per share or its equivalent without adjustment.

Management uses its best judgment in estimating the fair value of FIF's investments including its consideration on the use of NAV as a practical expedient. There are inherent limitations in any estimation technique. Because of the inherent uncertainty of valuation, this estimated fair value may differ significantly from the value that would have been used had a ready market for the investments existed, and the difference could be significant.

Fair value measurements and disclosures, under FASB ASC 820, prioritizes within the measurement of fair value, the use of market-based information over entity specific information and establishes a three-level hierarchy for fair value measurements based on the nature of inputs used in the valuation of an asset or liability as of the measurement date. 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). However, the determination of what constitutes "observable" requires significant judgment.

FIF's investments are classified within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. The three levels of the fair value hierarchy and its applicability to the portfolio investments are described below:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that FIF has the ability to access at the measurement date

Level 2 Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active

Level 3 Inputs that are unobservable.

An individual investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by management.

Observable data is that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by multiple, independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the pricing transparency of that investment and does not necessarily correspond to the perceived risk of that investment.

Inputs broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Assumptions used due to lack of observable inputs may significantly impact the resulting fair value and, therefore, the results of operations.

Forward in Faith transferred a majority of its investments, effective April 2, 2012, to CITW. Pursuant to this agreement, legal title of the assets was transferred to CITW and Forward in Faith holds an interest in the NAVs of the investments in CITW. Forward in Faith 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 Forward in Faith's interest in CITW. Effective July 1, 2014, CITW entered into a limited partnership agreement with Cambridge

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Associates Resources, LLC, as General Partner, creating CITW Fund LP. Forward in Faith continues its ownership in CITW while CITW is the limited partner in CITW Fund LP.

The following table shows classification of investments by level of the fair value hierarchy in CITW as of June 30, 2015 and 2014:

	2015	**2014**
Level 1	41.1%	69.0%
Level 2	8.3	15.0
Level 3	—	—
NAV	50.6	16.0
	100%	100%

Forward in Faith used the NAV or its equivalent as a practical expedient 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 the investment in CITW of $68,755,181 and $71,675,340 at June 30, 2015 and 2014, respectively, is estimated using the NAV as a practical expedient. There are no unfunded commitments for this investment.

For the year ended June 30, 2014, the investments of CITW comprised three portfolios: Traditional, Semiliquid, and Illiquid. The investment objective of each portfolio, consistent with the Investment Policy Statement approved by CITW's Board of Trustees, was long-term total return that net of fees exceeds the aggregate Portfolio benchmark's total return with less risk. The Traditional portfolio was valued monthly and redemption by the grantors is permitted at the valuation date. The Semiliquid portfolio was valued at the beginning of each quarter and could be redeemed with 30 days' notice after quarter-end. The Illiquid portfolio was valued at the beginning of each quarter and did not have redemption frequency.

Forward in Faith invests only in CITW. CITW invests in CITW Fund LP, which maintains two portfolios, 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.

Redemptions from CITW Fund LP are permitted upon written notice received by the General Partner at least 90 days prior to the end of any fiscal year and 60 days prior to the end of any fiscal quarter. The General Partner has discretion to suspend withdrawals if considered necessary to prevent an adverse impact on CITW Fund LP.

Forward in Faith also held investments outside of CITW as of June 30, 2015 and 2014. The estimated values of the U.S. Treasury obligations 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, corporate and foreign bonds, and domestic money market funds and are included in Level 2 of the fair value hierarchy as 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 with a disclosure of the investments measured at NAV to allow reconciliation to the statement of financial position as of June 30:

	Total 2015	Level 1	Level 2	Net asset value
Assets:				
Investment in CITW	$ 68,755,181	—	—	68,755,181
U.S. government and agency securities	1,201,149	—	1,201,149	—
U.S. Treasury obligations	902,243	902,243	—	—
Corporate and foreign bonds	3,028,203	—	3,028,203	—
Money market funds – domestic	1,201,600	—	1,201,600	—
	$ 75,088,376	902,243	5,430,952	68,755,181

	Total 2014	Level 1	Level 2	Net asset value
Assets:				
Investment in CITW	$ 71,675,340	—	—	71,675,340
U.S. government and agency securities	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	6,638,834	71,675,340

In accordance with subtopic 820-10, the investments measured at fair value using NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The fair value of other financial instruments, principally cash and cash equivalents, receivables, and payables, approximates their carrying value at June 30, 2015 and 2014 because of the short maturity of these items.

Investment (loss) income consists of the following for the years ended June 30:

		2015	2014
Interest and dividends	$	149,694	171,832
Realized gains and (losses), net		(18,060)	(21,412)
Unrealized gains, net		(1,431,822)	10,285,203
Investment management fees		(33,572)	(30,248)
Investment (loss) income	$	(1,333,760)	10,405,375

(3) Contributions Receivable

Contributions receivable are summarized as follows at June 30:

		2015	2014
Unconditional promises before allowance for uncollectible contributions receivable expected to be collected in:			
Less than one year	$	446,140	1,778,284
Less allowance for uncollectible contributions receivable		(446,140)	(774,490)
	$	—	1,003,794

(4) Notes Receivable

		2015	2014
Notes receivable from Parishes/Schools	$	4,637,149	5,018,194
Less allowance for uncollectible notes receivable		(1,250,000)	(1,250,000)
	$	3,387,149	3,768,194

(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.

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(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:

		2015	2014
HU Campus Ministry Center	$	788,190	817,592
St. Joseph's Lay Leadership Institute		17	32,213
Archdiocesan Charitable Fund		—	82,128
Pro-Life Apostolate		1,190	592
Mission Seminary – Redemptoris		21	40,267
Women Religious Housing		788,190	817,592
Ministry Enhancement Fund		—	240,266
Scholarships – Endowment Income		2,978,479	4,831,894
Needy Parish Fund – Endowment Income		564,003	832,042
Seminarian Education – Endowment Income		276,118	435,800
Multicultural Apostolate – Endowment Income		839,256	1,370,043
	$	6,235,464	9,500,429

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:

		2015	2014
Scholarships	$	29,622,039	29,595,713
Parish/School Building Fund		19,908,598	19,889,795
Needy Parish Endowment		4,231,720	4,227,959
Seminarian Education Endowment		2,539,032	2,536,775
Multicultural Apostolate		8,463,440	8,455,918
	$	64,764,829	64,706,160

(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:

		2015	2014
Program services	$	2,274,829	1,741,741
Passage of time		43,257	50,138
Net assets released from restrictions	$	2,318,086	1,791,879

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(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 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.

(Continued)

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

	2015				
		Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Donor-restricted endowment funds	$	—	4,657,857	44,856,230	49,514,087
Board-designated funds		305,415	1,576,380	—	1,881,795
Endowment net assets	$	305,415	6,234,237	44,856,230	51,395,882

	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

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

	2015				
		Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Endowment net assets, beginning of year	$	350,118	9,104,963	44,389,538	53,844,619
Unrealized gains (losses)		(44,703)	(961,922)	—	(1,006,625)
Contributions		—	—	466,692	466,692
Board designation		—	1,196	—	1,196
Appropriation of endowment assets for expenditure		—	(1,910,000)	—	(1,910,000)
Endowment net assets, end of year	$	305,415	6,234,237	44,856,230	51,395,882

	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

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. There are no deficiencies at June 30, 2015 or 2014.

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

	2015	**2014**
Permanently restricted endowment net assets	$ 44,856,230	44,389,538
Permanently restricted pledges receivable	—	426,826
Revolving loan fund	19,908,599	19,889,796
Total permanently restricted net assets	$ 64,764,829	64,706,160

(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:

		2015	2014
Notes receivable, gross	$	4,637,150	5,018,194
Due from CPA		570	6,759
Investment in CITW		68,755,181	71,675,340
Funds held on behalf of others		2,692,751	3,556,196
Contributions payable due to:			
CPA		1,233,922	971,493
Catholic Education Foundation		1,220,000	1,050,000
Catholic Charities		80,000	28,000
Expenses:			
Program services		2,734,829	2,111,741
Administrative cost incurred with CPA		131,000	134,000

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.

(10) Subsequent Events

In preparing these financial statements, FIF has evaluated events and transactions for potential recognition or disclosure through November 25, 2015, 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.