

**CATHOLIC EDUCATION FOUNDATION OF THE
ARCHDIOCESE OF WASHINGTON, INC.**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

**CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2018 AND 2017**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Catholic Education Foundation of the Archdiocese of Washington, Inc.
Hyattsville, Maryland

We have audited the accompanying financial statements of Catholic Education Foundation of the Archdiocese of Washington, Inc., which comprise the statements of financial position as of June 30, 2018 and 2017, 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 accounting principles generally accepted in the United States of America; 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.

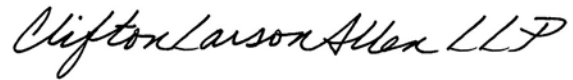
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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.

Board of Directors
Catholic Education Foundation of the Archdiocese of Washington, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Education Foundation of the Archdiocese of Washington, Inc. as of June 30, 2018 and 2017, 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.



CliftonLarsonAllen LLP

Arlington, Virginia
December 5, 2018

CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Cash (note 1(d))	\$ 6,776,666	\$ 4,074,120
Contributions receivable, net (notes 1(e), 3 and 7)	1,249,388	2,695,525
Funds held by others (note 1(f))	310,303	295,072
Receivable due from affiliate (note 7)	11,000	55,052
Investments (note 2)	16,922,595	19,005,018
Total assets	\$ 25,269,952	\$ 26,124,787
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 69,728	\$ 15,360
Deferred revenue	30,159	45,311
Payable to affiliates (note 7)	567,900	493,439
Funds held on behalf of others (notes 1(h) and 7)	519,050	733,888
Total liabilities	1,186,837	1,287,998
NET ASSETS		
Unrestricted	9,629,987	9,173,296
Temporarily restricted (notes 5 and 6)	10,739,921	11,971,878
Permanently restricted (notes 5 and 6)	3,713,207	3,691,615
Total net assets	24,083,115	24,836,789
Total liabilities and net assets	\$ 25,269,952	\$ 26,124,787

See accompanying Notes to Financial Statements.

CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE, GAINS AND OTHER SUPPORT				
Contributions, donations, and gifts	\$ -	\$ 4,352,389	\$ -	\$ 4,352,389
Change in funds held by others	-	9,133	15,219	24,352
Investment income at amount appropriated (note 2)	211,996	201,227	-	413,223
Administrative fees	17,100	-	-	17,100
Net assets released from restrictions	5,732,410	(5,732,410)	-	-
Total revenue, gains and other support	5,961,506	(1,169,661)	15,219	4,807,064
EXPENSES				
Program services:				
Tuition assistance	5,867,406	-	-	5,867,406
Catholic education grant	77,000	-	-	77,000
Total program services	5,944,406	-	-	5,944,406
Management and general	320,686	-	-	320,686
Total expenses	6,265,092	-	-	6,265,092
Change in net assets from operations	(303,586)	(1,169,661)	15,219	(1,458,028)
OTHER CHANGES IN NET ASSETS				
Excess of investment income over amount appropriated	760,277	(62,296)	6,373	704,354
CHANGE IN NET ASSETS	456,691	(1,231,957)	21,592	(753,674)
Net Assets, Beginning of Year	9,173,296	11,971,878	3,691,615	24,836,789
NET ASSETS, END OF YEAR	\$ 9,629,987	\$ 10,739,921	\$ 3,713,207	\$ 24,083,115

See accompanying Notes to Financial Statements.

CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE, GAINS AND OTHER SUPPORT				
Contributions, donations, and gifts	\$ -	\$ 5,684,511	\$ -	\$ 5,684,511
Change in funds held by others	3,915	18,416	5,883	28,214
Investment income at amount appropriated (note 2)	202,134	190,862	-	392,996
Administrative fees	15,750	-	-	15,750
Net assets released from restrictions	5,672,199	(5,672,199)	-	-
Total revenue, gains and other support	5,893,998	221,590	5,883	6,121,471
EXPENSES				
Program services:				
Tuition assistance	5,829,332	-	-	5,829,332
Catholic education grant	45,000	-	-	45,000
Total program services	5,874,332	-	-	5,874,332
Management and general	307,021	-	-	307,021
Total expenses	6,181,353	-	-	6,181,353
Change in net assets from operations	(287,355)	221,590	5,883	(59,882)
OTHER CHANGES IN NET ASSETS				
Excess of investment income over amount appropriated	1,656,834	88,804	36,756	1,782,394
CHANGE IN NET ASSETS	1,369,479	310,394	42,639	1,722,512
Net Assets, Beginning of Year	7,803,817	11,661,484	3,648,976	23,114,277
NET ASSETS, END OF YEAR	\$ 9,173,296	\$ 11,971,878	\$ 3,691,615	\$ 24,836,789

See accompanying Notes to Financial Statements.

CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (753,674)	\$ 1,722,512
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Unrealized and realized investment gains, net	(1,117,577)	(2,175,390)
Contributions collected and revenues restricted for long term investments	(21,592)	(42,639)
Decrease (increase) in assets:		
Contributions receivable	1,446,137	(23,561)
Funds held by others	(24,364)	(30,246)
Receivable due from affiliate	44,052	(55,052)
Increase (decrease) in liabilities:		
Accounts payable	54,368	(9,324)
Deferred revenue	(15,152)	(14,897)
Payable due to affiliates	74,461	(198,773)
Funds held on behalf of others	(214,838)	(283,025)
Net cash used by operating activities	(528,179)	(1,110,395)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	3,200,000	800,000
Proceeds from liquidation of assets held by others	9,133	8,966
Net cash provided by investing activities	3,209,133	808,966
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from revenues restricted for:		
Investment in endowment	21,592	42,639
Net cash provided by financing activities	21,592	42,639
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,702,546	(258,790)
Cash and Cash Equivalents, Beginning of Year	4,074,120	4,332,910
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 6,776,666	\$ 4,074,120

See accompanying Notes to Financial Statements.

CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Organization

Catholic Education Foundation of the Archdiocese of Washington, Inc. (Catholic Education Foundation) (formerly named Cornerstone for Tomorrow, Inc.) was incorporated as a 501(c)(3) corporation on April 22, 1988. The purpose of Catholic Education Foundation is to support Catholic education in the Archdiocese of Washington.

(b) Basis of Presentation

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

(c) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Catholic Education Foundation 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.

(d) Cash

Catholic Education Foundation maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. Catholic Education Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash balances.

(e) Contributions Receivable

Contributions are recognized as revenue in the period received or pledged by the donor. 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 are subsequently adjusted for accretion of discount and changes in estimates of collectability.

(f) Funds Held By Others

Funds held by others includes beneficial interests in trusts administered on behalf of Catholic Education Foundation by independent financial institutions. The amounts are recorded at fair value as reported by the financial institution. Funds held by others also includes annuities which are administered by the Central Pastoral Administration of the Archdiocese of Washington (CPA) for the benefit of Catholic Education Foundation.

(g) 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.

CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Funds Held on Behalf of Others

Catholic Education Foundation has undertaken a special fundraising campaign for contributions for Catholic education on behalf of itself as well as for certain other Catholic educational institutions. Funds raised for others are recorded as a liability until paid to the related entities. Those entities pay an administrative fee to Catholic Education Foundation to help recover a portion of the fundraising costs.

(i) 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 Catholic Education Foundation 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 Catholic Education Foundation and/or by the passage of time.

Permanently restricted net assets – Net assets subject to donor imposed restrictions that they be maintained permanently by Catholic Education Foundation. Generally, the donors of these assets permit Catholic Education Foundation 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 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.

(j) Measure of Operations

Catholic Education Foundation has chosen to present changes in net assets from operations. Investment income (loss) included in operating revenue represents the amount approved by the board for use based on a spending rate formula. The variance between actual investment income (loss) and the amount recognized in operations is presented in other changes in net assets on the accompanying statements of activities.

CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Income Taxes

Catholic Education Foundation 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 fiscal years ended June 30, 2018 and 2017, as Catholic Education Foundation 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. The Catholic Education Foundation 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, 2018 and 2017. 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.

(l) Concentration of Credit Risk

Catholic Education Foundation 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.

(m) Subsequent Events

In preparing these financial statements, Catholic Education Foundation has evaluated events and transactions for potential recognition or disclosure through December 5, 2018, the date that the financial statements were available to be issued.

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS

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 NAV per share or its equivalent without adjustment.

CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Measurements (Continued)

Management uses its best judgment in estimating the fair value of Catholic Education Foundation'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.

Catholic Education Foundation entered into a Trust Agreement with the Catholic Investment Trust of Washington (CITW) on March 29, 2012. Pursuant to this agreement, the Catholic Education Foundation transferred its long-term investments to CITW effective April 2, 2012. The Catholic Education Foundation 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 the Catholic Education Foundation's interest in CITW.

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.

For the years ended June 30, 2018 and 2017, CITW invested 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 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.

In accordance with ASC subtopic 820-10, *Fair Value Measurement – Overall*, the investments measured at NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value of the investments in CITW of \$16,922,595 and \$19,005,018 at June 30, 2018 and 2017, respectively, is estimated using the NAV as practical expedient. There are no unfunded commitments for this investment.

Investment income for the years ended June 30, 2018 and 2017, consisted of net unrealized gains in the amount of \$1,117,577 and \$2,175,390, respectively.

CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Measurements (Continued)

Investment income is reported as follows in the statements of activities for the years ended June 30:

	2018	2017
In operations	\$ 413,223	\$ 392,996
In other changes to net assets	704,354	1,782,394
	\$ 1,117,577	\$ 2,175,390

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable are summarized as follows at June 30:

	2018	2017
Unconditional promises before unamortized discount expected to be collected in:		
Less than one year	\$ 934,188	\$ 2,083,618
One year to five years	330,000	765,000
	1,264,188	2,848,618
Less unamortized discounts (discount rates ranging from 1.01% and 2.35%)	(14,800)	(153,093)
	\$ 1,249,388	\$ 2,695,525

This amount includes a receivable due from a related party of \$579,188 and \$1,688,618 at June 30, 2018 and 2017, respectively, as discussed in Note 7.

NOTE 4 FUNDS HELD ON BEHALF OF OTHERS

Funds held on behalf of others are summarized as follows at June 30:

	2018	2017
Archdiocesan affiliates:		
Archbishop Carroll High School	\$ 266,314	\$ 379,784
Don Bosco Cristo Rey High School	45,239	59,552
Consortium of Catholic Academies	39,562	44,591
St. Jude Catholic Church	111,957	166,640
Funds held on behalf of related parties (note 7)	463,072	650,567
Non-archdiocesan Catholic entity	55,978	83,321
Funds held on behalf of others	\$ 519,050	\$ 733,888

CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 5 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

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

	2018	2017
Tuition assistance (high school/elementary)	\$ 10,420,943	\$ 11,675,548
Seminarian education	318,978	296,330
	\$ 10,739,921	\$ 11,971,878

The following table 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:

	2018	2017
Tuition assistance (high school/elementary)	\$ 3,176,696	\$ 3,170,323
Seminarian education	536,511	521,292
	\$ 3,713,207	\$ 3,691,615

NOTE 6 ENDOWMENTS

Effective January 23, 2008, the District of Columbia 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 State of Maryland enacted the Act effective April 14, 2009.

The board of directors of Catholic Education Foundation (the Board) has interpreted the Act as allowing Catholic Education Foundation to spend or accumulate the amount of an endowment fund that Catholic Education Foundation 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, Catholic Education Foundation 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, Catholic Education Foundation 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 Catholic Education Foundation 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 Catholic Education Foundation, and (7) the investment policies of the Catholic Education Foundation.

CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 6 ENDOWMENTS (CONTINUED)

Catholic Education Foundation 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 Catholic Education Foundation must hold in perpetuity or for donor specified period(s) as well as designated funds. Under this policy, as approved by the Board, Catholic Education Foundation expects its endowment funds, over time, to provide an average rate of return 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, Catholic Education Foundation 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). Catholic Education Foundation 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.

Catholic Education Foundation'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 endowment 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 were as follows as of June 30:

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ (15,638)	\$ 1,035,941	\$ 3,713,207	\$ 4,733,510
Board-designated endowment funds	6,546,702	-	-	6,546,702
	\$ 6,531,064	\$ 1,035,941	\$ 3,713,207	\$ 11,280,212

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ (40,547)	\$ 1,098,238	\$ 3,691,615	\$ 4,749,306
Board-designated endowment funds	6,511,586	-	-	6,511,586
	\$ 6,471,039	\$ 1,098,238	\$ 3,691,615	\$ 11,260,892

CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 6 ENDOWMENTS (CONTINUED)

Changes in endowment net assets are as follows for the years ended June 30:

	2018			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ 6,471,039	\$ 1,098,238	\$ 3,691,615	\$ 11,260,892
Net unrealized gains	247,113	163,838	21,592	432,543
Replenish net assets	24,908	(24,908)	-	-
Appropriation of endowment assets for expenditure	(211,996)	(201,227)	-	(413,223)
Endowment net assets, end of year	<u>\$ 6,531,064</u>	<u>\$ 1,035,941</u>	<u>\$ 3,713,207</u>	<u>\$ 11,280,212</u>
	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 6,129,918	\$ 997,787	\$ 3,648,976	\$ 10,776,681
Net unrealized gains	510,610	323,958	42,639	877,207
Replenish net assets	32,645	(32,645)	-	-
Appropriation of endowment assets for expenditure	(202,134)	(190,862)	-	(392,996)
Endowment net assets, end of year	<u>\$ 6,471,039</u>	<u>\$ 1,098,238</u>	<u>\$ 3,691,615</u>	<u>\$ 11,260,892</u>

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 Catholic Education Foundation 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 \$15,638 and \$40,547 as of June 30, 2018 and 2017, respectively. 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.

CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 7 RELATED PARTY TRANSACTIONS

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

	2018	2017
Statements of Financial Position:		
Contribution receivable due from Forward in Faith	\$ -	\$ 1,331,000
Receivable due from Central Pastoral Administration (CPA)	590,188	412,670
Funds held by CPA	14,201	14,189
Payable to affiliates:		
Consortium of Catholic Academies	535,300	493,439
Archbishop Carrol High School	32,600	-
Funds held on behalf of others (note 4)	463,072	650,567
Statement of Activities:		
Contributions for tuition assistance from CPA and parishes	2,299,577	2,309,282
Contributions for tuition assistance from Forward in Faith	-	1,331,000
Tuition assistance expense for Archdiocesan Catholic schools	5,309,479	5,150,969
Grant to Holy Family School	25,000	-
Expenses incurred with CPA:		
Management and general	293,000	280,000
Grant for faith knowledge assessment	47,000	45,000

A member of the Board of Catholic Education Foundation is also a member of the board of trustees of CITW and a member of the Archdiocesan finance council.