

**FORWARD IN FAITH, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**



WEALTH ADVISORY | OUTSOURCING  
AUDIT, TAX, AND CONSULTING

[CLAconnect.com](http://CLAconnect.com)

**FORWARD IN FAITH, INC.  
TABLE OF CONTENTS  
YEARS ENDED JUNE 30, 2021 AND 2020**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENTS OF FINANCIAL POSITION</b>	<b>3</b>
<b>STATEMENTS OF ACTIVITIES</b>	<b>4</b>
<b>STATEMENTS OF FUNCTIONAL EXPENSES</b>	<b>5</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>7</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>8</b>



## INDEPENDENT AUDITORS' REPORT

Corporate Members and Board of Directors  
Forward in Faith, Inc.  
Hyattsville, Maryland

We have audited the accompanying financial statements of Forward in Faith, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities, functional expenses, 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.

**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, 2021 and 2020, 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*

**CliftonLarsonAllen LLP**

Arlington, Virginia  
December 10, 2021

**FORWARD IN FAITH, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,097,797	\$ 3,113,983
Notes Receivable, Net (Note 3)	1,512,922	2,037,410
Funds Held by Others	13,797	12,011
Investments (Note 2)	85,516,369	70,195,097
Total Assets	\$ 88,140,885	\$ 75,358,501
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Due to Others	\$ 2,305	\$ 12,360
Funds Held on Behalf of Others	-	414,613
Total Liabilities	2,305	426,973
<b>NET ASSETS</b>		
Net Assets Without Donor Restrictions	8,889,306	4,502,618
Net Assets With Donor Restrictions (Notes 4 and 5)	79,249,274	70,428,910
Total Net Assets	88,138,580	74,931,528
Total Liabilities and Net Assets	\$ 88,140,885	\$ 75,358,501

See accompanying Notes to Financial Statements.

**FORWARD IN FAITH, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>						
Gifts and Other Changes in Pledges	\$ -	\$ 4,211	\$ 4,211	\$ -	\$ 46,698	\$ 46,698
Investment Income (Loss), Net (Note 2)	6,003,857	10,952,153	16,956,010	(47,355)	(199,795)	(247,150)
Net Assets Released by Satisfaction of Purpose and Time Restrictions (Note 4)	2,136,000	(2,136,000)	-	2,100,000	(2,100,000)	-
Total Revenue, Gains, and Other Support	<u>8,139,857</u>	<u>8,820,364</u>	<u>16,960,221</u>	<u>2,052,645</u>	<u>(2,253,097)</u>	<u>(200,452)</u>
<b>EXPENSES</b>						
Program Services:						
Scholarships	1,359,000	-	1,359,000	1,337,000	-	1,337,000
Needy Parishes and Schools	782,000	-	782,000	757,000	-	757,000
Multicultural Apostolate	597,757	-	597,757	381,000	-	381,000
Seminarian Expenses	117,000	-	117,000	115,000	-	115,000
Howard University Campus Ministry	36,000	-	36,000	35,000	-	35,000
Women Religious Housing	36,000	-	36,000	35,000	-	35,000
Total Program Services	<u>2,927,757</u>	<u>-</u>	<u>2,927,757</u>	<u>2,660,000</u>	<u>-</u>	<u>2,660,000</u>
Management and General	<u>825,412</u>	<u>-</u>	<u>825,412</u>	<u>84,165</u>	<u>-</u>	<u>84,165</u>
Total Expenses	<u>3,753,169</u>	<u>-</u>	<u>3,753,169</u>	<u>2,744,165</u>	<u>-</u>	<u>2,744,165</u>
<b>CHANGE IN NET ASSETS</b>	4,386,688	8,820,364	13,207,052	(691,520)	(2,253,097)	(2,944,617)
Net Assets - Beginning of Year	<u>4,502,618</u>	<u>70,428,910</u>	<u>74,931,528</u>	<u>5,194,138</u>	<u>72,682,007</u>	<u>77,876,145</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 8,889,306</u>	<u>\$ 79,249,274</u>	<u>\$ 88,138,580</u>	<u>\$ 4,502,618</u>	<u>\$ 70,428,910</u>	<u>\$ 74,931,528</u>

See accompanying Notes to Financial Statements.

**FORWARD IN FAITH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2021**

	Program Services							
Scholarships	Multicultural Apostolate	Seminarian Expenses	Needy Parishes and Schools	Howard University Campus Ministry	Women Religious Housing	Total Program Services	Management and General	Total
Tuition Assistance	\$ 1,359,000	\$ -	\$ -	\$ -	\$ -	\$ 1,359,000	\$ -	\$ 1,359,000
Gifts and Contributions	-	597,757	117,000	782,000	36,000	1,568,757	-	1,568,757
Bad Debt Expense	-	-	-	-	-	-	755,462	755,462
Administrative Services	-	-	-	-	-	-	67,000	67,000
Other Professional Fees	-	-	-	-	-	-	2,950	2,950
<b>Total Expenses</b>	<b>\$ 1,359,000</b>	<b>\$ 597,757</b>	<b>\$ 117,000</b>	<b>\$ 782,000</b>	<b>\$ 36,000</b>	<b>\$ 2,927,757</b>	<b>\$ 825,412</b>	<b>\$ 3,753,169</b>

See accompanying Notes to Financial Statements.

**FORWARD IN FAITH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2020**

	Program Services								
	Scholarships	Multicultural Apostolate	Seminarian Expenses	Needy Parishes and Schools	Howard University Campus Ministry	Women Religious Housing	Total Program Services	Management and General	Total
Tuition Assistance	\$ 1,337,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,337,000	\$ -	\$ 1,337,000
Gifts and Contributions	-	381,000	115,000	757,000	35,000	35,000	1,323,000	-	1,323,000
Administrative Services	-	-	-	-	-	-	-	67,000	67,000
Other Professional Fees	-	-	-	-	-	-	-	17,165	17,165
<b>Total Expenses</b>	<b>\$ 1,337,000</b>	<b>\$ 381,000</b>	<b>\$ 115,000</b>	<b>\$ 757,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 2,660,000</b>	<b>\$ 84,165</b>	<b>\$ 2,744,165</b>

See accompanying Notes to Financial Statements.



**FORWARD IN FAITH, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 13,207,052	\$ (2,944,617)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used by Operating Activities:		
Unrealized Investment (Gains) Losses	(16,921,272)	296,334
Bad Debt Expense	755,462	-
Contributions Collected and Revenues Restricted for		
Long-Term Investments	(4,211)	(46,698)
(Increase) Decrease in Assets:		
Due from Others	(1,786)	67,008
Increase (Decrease) in Liabilities:		
Funds Held on Behalf of Others	(414,613)	(104,274)
Due to Others	(10,055)	920
Net Cash Used by Operating Activities	(3,389,423)	(2,731,327)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Investments	1,600,000	6,300,000
Note Receivable Disbursed	(885,360)	-
Principal Payments Received on Notes Receivable	654,386	49,493
Purchases of Investments	-	(3,000,000)
Net Cash Provided by Investing Activities	1,369,026	3,349,493
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Revenue Restricted for:		
Investment in Endowment	4,211	46,698
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(2,016,186)	664,864
Cash and Cash Equivalents - Beginning of Year	3,113,983	2,449,119
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,097,797	\$ 3,113,983

See accompanying Notes to Financial Statements.

**FORWARD IN FAITH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 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. FIF focuses on investment oversight and grant making.

**(b) Basis of Presentation**

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

**(c) Estimates**

The preparation of financial statements in conformity with U.S. GAAP 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.

**(d) 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.

**(e) 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). Interest is charged on the loans at a rate of 2% per annum and totaled \$33,978 and \$52,019 for the years ended June 30, 2021 and 2020, respectively.

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.

**FORWARD IN FAITH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

**(f) Funds Held by Others**

There are several charitable gifts annuity agreements for FIF. These are maintained within CPA. 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 CPA. The net receivable is recorded in FIF as funds held by others, based on the present value of future life expectancy of the donor.

**(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.

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.

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.

The investment in CITW and CITW's investment in CITW Fund LP are reported at estimated fair values utilizing net asset value (NAV). FIF 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.

**(h) 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.

**(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 FIF and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions. This category includes board-designated net assets, which are funds designated for specific purposes by the board (see Note 4).

**FORWARD IN FAITH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

**(i) Revenue Recognition and Net Assets (Continued)**

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. 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 the gift.

**(j) 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 fiscal years ended June 30, 2021 and 2020, as 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, 2021 and 2020. 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.

**(k) Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. All costs are directly assigned to the program services or management and general expenses as applicable.

**FORWARD IN FAITH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

**(l) Liquidity**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30:

	2021	2020
Cash	\$ 1,097,797	\$ 3,113,983
Notes Receivable, Due within One Year	389,670	317,254
Funds Held by Others, Due within One Year	-	982
Investments	<u>85,516,369</u>	<u>70,195,097</u>
	87,003,836	73,627,316
Less:		
Funds Held on Behalf of Others	-	(414,613)
Amounts Subject to Donor Restrictions	(78,126,022)	(68,708,754)
Amounts Subject to Board Designations	<u>(7,646,397)</u>	<u>(2,629,922)</u>
Total	<u>\$ 1,231,417</u>	<u>\$ 1,874,027</u>

FIF maintains an investment portfolio that is subject to an investment policy designed to invest and grow its endowment funds. FIF regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

**(m) Concentration of Credit Risk**

Financial instruments that potentially subject FIF to concentrations of credit risk consist primarily of notes receivable. At June 30, 2021 and 2020, the gross notes receivable balance relating to notes from parishes/schools was \$1,512,922 and \$3,287,410, respectively (see Note 3).

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 with balances which at times exceed the amount guaranteed by the Federal Deposit Insurance Corporation. As of June 30, 2021 and 2020, the amount held in excess of the insured limits was \$347,797 and \$2,863,983, respectively. FIF has neither experienced nor anticipates any losses on its funds.

**(n) Subsequent Events**

In preparing these financial statements, FIF has evaluated events and transactions for potential recognition or disclosure through December 10, 2021, the date that the financial statements were available to be issued.

**FORWARD IN FAITH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**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.

Management uses its best judgment in estimating the fair value of FIF's investments including its consideration of 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.

Under FASB Accounting Standards Codification Topic 820 (ASC 820), *Fair Value Measurements and Disclosures*, 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).

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, which 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.

**FORWARD IN FAITH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

**Fair Value Measurements (Continued)**

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.

FIF 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 FIF 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. Effective July 1, 2014, CITW entered into a limited partnership agreement with Cambridge Associates Resources, LLC, as General Partner, creating CITW Fund LP. FIF continues its ownership in CITW while CITW is the limited partner in CITW Fund LP.

FIF 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 \$85,516,369 and \$70,195,097 at June 30, 2021 and 2020, respectively, is estimated using the NAV as a practical expedient. There are no unfunded commitments for this investment.

CITW Fund LP 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 quarterly upon written notice received by the General Partner at least one week prior to the fiscal quarter end, although earlier is encouraged. The General Partner has the discretion to suspend withdrawals if considered necessary to prevent an adverse impact on CITW Fund LP. Amounts held in the Illiquid portfolio were approximately 14% of the total balance as of June 30, 2021, and were not available for redemption.

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 statements of financial position for the years ended June 30:

	2021			
	Total	Level 1	Level 2	NAV
Investment in CITW	\$ 85,516,369	\$ -	\$ -	\$ 85,516,369
	2020			
	Total	Level 1	Level 2	NAV
Investment in CITW	\$ 70,195,097	\$ -	\$ -	\$ 70,195,097

**FORWARD IN FAITH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

**Fair Value Measurements (Continued)**

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.

**NOTE 3 NOTES RECEIVABLE**

Notes receivable are summarized as follows at June 30:

	<u>2021</u>	<u>2020</u>
Notes Receivable from Parishes/Schools	\$ 1,512,922	\$ 3,287,410
Less: Allowance for Uncollectible Notes Receivable	-	(1,250,000)
Total	<u>\$ 1,512,922</u>	<u>\$ 2,037,410</u>

As of June 30, 2020, FIF had a bad debt reserve of \$1,250,000 recorded against an impaired loan with an outstanding loan balance of \$2,005,462. During the year ended June 30, 2021, the board approved forgiveness of this loan, resulting in bad debt expense of \$755,462. All remaining loans at June 30, 2021, are deemed by management to be fully collectable.

**NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS**

The following table summarizes the nature of the net assets with donor restrictions and the purposes for which such net assets may be used as of June 30:

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purpose:		
Other Programs	\$ 32,410	\$ 32,409
Subject to Endowment Spending Policy and Appropriation:		
Scholarships	38,175,176	32,321,476
Parish/School Building Fund	18,479,103	17,953,320
Needy Parish Endowment	5,616,095	4,755,016
Seminarian Education Endowment	3,296,917	2,791,009
Multicultural Apostolate	10,894,541	9,224,160
HU Campus Ministry Center	621,055	657,055
Women Religious Housing	621,055	657,055
Total	<u>77,703,942</u>	<u>68,359,091</u>
Not Subject to Spending Policy or Appropriation:		
Parish/School Building Fund	1,512,922	2,037,410
Net Assets with Donor Restrictions	<u>\$ 79,249,274</u>	<u>\$ 70,428,910</u>



**FORWARD IN FAITH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the years ended June 30:

	2021	2020
Satisfaction of Purpose Restrictions:		
HU Campus Ministry Center	\$ 36,000	\$ 35,000
Women Religious Housing	36,000	35,000
Total	72,000	70,000
Restricted Purpose Spending-Rate Distributions and Appropriations:		
Scholarships	1,359,000	1,337,000
Needy Parish Endowment	200,000	197,000
Seminarian Education Endowment	117,000	115,000
Multicultural Apostolate	388,000	381,000
Total	2,064,000	2,030,000
Net Assets Released from Donor Restrictions	\$ 2,136,000	\$ 2,100,000

**NOTE 5 ENDOWMENTS**

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

The board of FIF has interpreted UPMIFA 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. As a result of this interpretation, FIF retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment funds, and (b) any 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. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, 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.

**FORWARD IN FAITH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 5 ENDOWMENTS (CONTINUED)**

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. 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 net assets with donor restrictions, perpetuity, and the income earned (which are classified as net assets with donor restrictions, time and purpose) using a three-year rolling average.

**FORWARD IN FAITH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 5 ENDOWMENTS (CONTINUED)**

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

<u>June 30, 2021</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-Designated Endowment Funds:*			
Parish/School Loan Fund	\$ 6,838,365	\$ 18,479,103	\$ 25,317,468
Other Capital Projects	808,032	1,242,110	2,050,142
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amounts and Amounts Required to be Maintained in Perpetuity	-	45,035,168	45,035,168
Accumulated Investment Gains	-	12,947,561	12,947,561
Total	<u>\$ 7,646,397</u>	<u>\$ 77,703,942</u>	<u>\$ 85,350,339</u>
<u>June 30, 2020</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-Designated Endowment Funds:*			
Parish/School Loan Fund	\$ 2,039,136	\$ 17,953,320	\$ 19,992,456
Other Capital Projects	590,786	1,314,110	1,904,896
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amounts and Amounts Required to be Maintained in Perpetuity	-	45,032,253	45,032,253
Accumulated Investment Gains	-	4,059,408	4,059,408
Total	<u>\$ 2,629,922</u>	<u>\$ 68,359,091</u>	<u>\$ 70,989,013</u>

\* Board-designated for the Parish/School Loan Fund represents the portion of the donor-restricted revolving loan fund that is not outstanding as notes receivable and the net accumulated investment earnings, which are without donor restrictions, on those funds. The board determined that the best use of the earnings on those funds without donor restrictions would be to make grants to needy parishes for capital improvements or to subsidize operations.

Board-designated for other capital projects represents funds originally restricted to be expended for facilities for religious housing and campus ministry and the net accumulated investment earnings on those funds. The board determined that it could best meet the donor intent through subsidizing rental or facility maintenance costs rather than through new construction. Therefore, it designated the funds to function as endowments and awards grants equal to the 4% spending rate annually.

**FORWARD IN FAITH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 5 ENDOWMENTS (CONTINUED)**

Changes in endowment net assets are as follows for the year ended June 30, 2021:

Description	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 2,629,922	\$ 68,359,091	\$ 70,989,013
Investment Return, Net	5,808,232	10,952,152	16,760,384
Contributions	-	4,211	4,211
Board Designation	-	524,488	524,488
Distribution from Board-Designated Pursuant to Distribution Policy	(791,757)	(2,136,000)	(2,927,757)
Endowment Net Assets - End of Year	<u>\$ 7,646,397</u>	<u>\$ 77,703,942</u>	<u>\$ 85,350,339</u>

Changes in endowment net assets are as follows for the year ended June 30, 2020:

Description	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 3,226,809	\$ 70,562,694	\$ 73,789,503
Investment Return, Net	(36,887)	(199,794)	(236,681)
Contributions	-	46,698	46,698
Board Designation	-	49,493	49,493
Distribution from Board-Designated Pursuant to Distribution Policy	(560,000)	(2,100,000)	(2,660,000)
Endowment Net Assets - End of Year	<u>\$ 2,629,922</u>	<u>\$ 68,359,091</u>	<u>\$ 70,989,013</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 state's enacted legislation requires FIF to retain as a fund for the perpetual duration. There are no deficiencies at June 30, 2021 or 2020.

**FORWARD IN FAITH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 6 RELATED-PARTY TRANSACTIONS**

FIF 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:

	<u>2021</u>	<u>2020</u>
Funds Held by Others	\$ 13,797	\$ 12,011
Note Receivable, Gross	1,512,922	3,287,410
Interest in CITW	85,516,369	70,195,097
Funds Held on Behalf of Others	-	414,613
Expenses:		
Program Services: CPA	1,359,000	1,323,000
Program Services: Catholic Education Foundation	1,359,000	1,337,000
Administrative Cost Incurred with CPA	67,000	67,000

A member of the board of FIF is a member of the Archdiocesan finance council and another FIF board member also serves on the board of the entity with the impaired loan (see Note 3).