

**FORWARD IN FAITH, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**



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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Forward in Faith, Inc., which comprise the statements of financial position as of June 30, 2023 and 2022, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Forward in Faith, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Forward in Faith, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Forward in Faith, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Forward in Faith, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Forward in Faith, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



**CliftonLarsonAllen LLP**

Arlington, Virginia  
December 5, 2023

**FORWARD IN FAITH, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2023 AND 2022**

	2023	2022
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,424,523	\$ 1,987,868
Notes Receivable, Net (Note 3)	2,386,272	1,330,662
Funds Held by Others	3,825	3,286
Investments (Note 2)	76,324,492	73,280,730
Total Assets	\$ 80,139,112	\$ 76,602,546
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Due to Others	\$ 214,014	\$ -
Total Liabilities	214,014	-
<b>NET ASSETS</b>		
Net Assets Without Donor Restrictions	6,693,630	5,171,473
Net Assets With Donor Restrictions (Notes 4 and 5)	73,231,468	71,431,073
Total Net Assets	79,925,098	76,602,546
Total Liabilities and Net Assets	\$ 80,139,112	\$ 76,602,546

See accompanying Notes to Financial Statements.

**FORWARD IN FAITH, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	2023			2022		
	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	\$ -	\$ 484	\$ 484	\$ -	\$ 402	\$ 402
Investment Income (Loss), Net (Note 2)	2,630,382	4,757,191	7,387,573	(2,825,678)	(5,290,708)	(8,116,386)
Net Assets Released by Satisfaction of Purpose and Time Restrictions (Note 4)	2,957,280	(2,957,280)	-	2,527,895	(2,527,895)	-
Total Revenue, Gains, and Other Support	5,587,662	1,800,395	7,388,057	(297,783)	(7,818,201)	(8,115,984)
<b>EXPENSES</b>						
Program Services:						
Needy Parishes and Schools	1,617,120	-	1,617,120	989,000	-	989,000
Scholarships	1,400,000	-	1,400,000	1,351,000	-	1,351,000
Multicultural Apostolate	400,000	-	400,000	397,561	-	397,561
Howard University Campus Ministry	392,828	-	392,828	439,895	-	439,895
Seminarian Expenses	121,000	-	121,000	117,000	-	117,000
Women Religious Housing	37,000	-	37,000	36,000	-	36,000
Total Program Services	3,967,948	-	3,967,948	3,330,456	-	3,330,456
Management and General	97,557	-	97,557	89,594	-	89,594
Total Expenses	4,065,505	-	4,065,505	3,420,050	-	3,420,050
<b>CHANGE IN NET ASSETS</b>	1,522,157	1,800,395	3,322,552	(3,717,833)	(7,818,201)	(11,536,034)
Net Assets - Beginning of Year	5,171,473	71,431,073	76,602,546	8,889,306	79,249,274	88,138,580
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 6,693,630</u>	<u>\$ 73,231,468</u>	<u>\$ 79,925,098</u>	<u>\$ 5,171,473</u>	<u>\$ 71,431,073</u>	<u>\$ 76,602,546</u>

See accompanying Notes to Financial Statements.

**FORWARD IN FAITH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2023**

	Program Services						Management and General	Total	
	Needy Parishes and Schools	Scholarships	Multicultural Apostolate	Howard University Campus Ministry	Seminarian Expenses	Women Religious Housing			Total Program Services
Tuition Assistance	\$ -	\$ 1,400,000	\$ -	\$ -	\$ -	\$ -	\$ 1,400,000	\$ -	\$ 1,400,000
Gifts and Contributions	1,617,120	-	400,000	392,828	121,000	37,000	2,567,948	-	2,567,948
Administrative Services	-	-	-	-	-	-	-	72,200	72,200
Other Professional Fees	-	-	-	-	-	-	-	25,357	25,357
<b>Total Expenses</b>	<b>\$ 1,617,120</b>	<b>\$ 1,400,000</b>	<b>\$ 400,000</b>	<b>\$ 392,828</b>	<b>\$ 121,000</b>	<b>\$ 37,000</b>	<b>\$ 3,967,948</b>	<b>\$ 97,557</b>	<b>\$ 4,065,505</b>

See accompanying Notes to Financial Statements.

**FORWARD IN FAITH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2022**

	Program Services								
	Needy Parishes and Schools	Scholarships	Multicultural Apostolate	Howard University Campus Ministry	Seminarian Expenses	Women Religious Housing	Total Program Services	Management and General	Total
Tuition Assistance	\$ -	\$ 1,351,000	\$ -	\$ -	\$ -	\$ -	\$ 1,351,000	\$ -	\$ 1,351,000
Gifts and Contributions	989,000	-	397,561	439,895	117,000	36,000	1,979,456	-	1,979,456
Administrative Services	-	-	-	-	-	-	-	69,000	69,000
Other Professional Fees	-	-	-	-	-	-	-	20,594	20,594
<b>Total Expenses</b>	<b>\$ 989,000</b>	<b>\$ 1,351,000</b>	<b>\$ 397,561</b>	<b>\$ 439,895</b>	<b>\$ 117,000</b>	<b>\$ 36,000</b>	<b>\$ 3,330,456</b>	<b>\$ 89,594</b>	<b>\$ 3,420,050</b>

See accompanying Notes to Financial Statements.



**FORWARD IN FAITH, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 3,322,552	\$ (11,536,034)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used by Operating Activities:		
Unrealized Investment Losses (Gains)	(7,343,762)	8,135,639
Contributions Collected and Revenues Restricted for		
Long-Term Investments	(484)	(402)
Changes in Assets and Liabilities:		
Funds Held by Other	(539)	10,511
Due to Others	214,014	(2,305)
Net Cash Used by Operating Activities	(3,808,219)	(3,392,591)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Investments	4,300,000	4,100,000
Notes Receivable Disbursed	(1,348,814)	(221,377)
Principal Payments Received on Notes Receivable	293,204	403,637
Net Cash Provided by Investing Activities	3,244,390	4,282,260
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Revenue Restricted for:		
Investment in Endowment	484	402
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(563,345)	890,071
Cash and Cash Equivalents - Beginning of Year	1,987,868	1,097,797
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,424,523	\$ 1,987,868

See accompanying Notes to Financial Statements.

**FORWARD IN FAITH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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 on December 31, 2010; however, some donors continue to make payments beyond the completion date. FIF focuses on investment oversight and grant making.

**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.

**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.

**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.

**Notes Receivable and Allowance**

Notes receivable represent loans to parishes with schools to be used for building, renovating, or maintaining school buildings. At June 30, 2023 and 2022, the gross notes receivable balance relating to notes from parishes/schools was \$2,386,272 and \$1,330,662, respectively. Loans must be approved by the FIF board of directors (the board). Interest is charged on the loans at a rate of 2% to 4% per annum and totaled \$31,083 and \$28,772 for the years ended June 30, 2023 and 2022, 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. All loans at June 30, 2023 and 2022, are deemed by management to be fully collectable.

**FORWARD IN FAITH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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

**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.

**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.

**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).

*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.

**FORWARD IN FAITH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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

**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, 2023 and 2022, 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, 2023 and 2022. 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.

**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.

**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:

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,424,523	\$ 1,987,868
Notes Receivable, Due within One Year	408,002	299,896
Investments	<u>76,324,492</u>	<u>73,280,730</u>
Subtotal	78,157,017	75,568,494
Less:		
Amounts Subject to Donor Restrictions	(71,253,198)	(70,400,307)
Amounts Subject to Board Designations	<u>(5,650,740)</u>	<u>(4,135,748)</u>
Total	<u>\$ 1,253,079</u>	<u>\$ 1,032,439</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.

**FORWARD IN FAITH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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

**Concentration of Credit Risk**

Financial instruments that potentially subject FIF to concentrations of credit risk consist primarily of notes receivable [see Note 1].

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 (\$250,000). FIF has neither experienced nor anticipates any losses on its funds.

**Recently Adopted Accounting Pronouncement**

In February 2016, the Financial Accounting Standards Board (FASB) issued the Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The adoption of this guidance did not have a significant impact on FIF's financial statements.

**Subsequent Events**

In preparing these financial statements, FIF has evaluated events and transactions for potential recognition or disclosure through December 5, 2023, the date that the financial statements were available to be issued.

**NOTE 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 NAV per share or its equivalent without adjustment.

**FORWARD IN FAITH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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

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.

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

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 24% and 14% of the total balance as of June 30, 2023 and 2022, respectively, and were not available for redemption.

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.

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 \$76,324,492 and \$73,280,730 at June 30, 2023 and 2022, respectively, is estimated using the NAV as a practical expedient. There are no unfunded commitments for this investment.

**FORWARD IN FAITH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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

In accordance with ASC subtopic 820-10, *Fair Value Measurement – Overall*, the investments measured at fair value using NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

**NOTE 3 NOTES RECEIVABLE**

The notes receivable as of June 30 are expected to mature as follows:

	2023	2022
One Year	\$ 408,002	\$ 299,896
Two - Five Years	1,402,787	931,686
More than Five Years	896,812	169,946
Total	2,707,601	1,401,528
Interest Portion	(321,329)	(70,866)
Principal Portion	\$ 2,386,272	\$ 1,330,662

**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:

	2023	2022
Subject to Expenditure for Specified Purpose:		
Other Programs	\$ 32,410	\$ 32,410
Subject to Endowment Spending Policy and Appropriation:		
Scholarships	35,073,357	33,341,015
Parish/School Building Fund	16,993,906	18,661,487
Multicultural Apostolate	10,009,375	9,515,455
Needy Parish Endowment	5,159,481	4,904,697
Seminarian Education Endowment	3,028,612	2,879,132
Women Religious Housing	548,055	585,055
HU Campus Ministry Center	-	181,160
Total	70,812,786	70,068,001
Not Subject to Spending Policy or Appropriation:		
Parish/School Building Fund	2,386,272	1,330,662
Net Assets with Donor Restrictions	\$ 73,231,468	\$ 71,431,073

**FORWARD IN FAITH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**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:

	<u>2023</u>	<u>2022</u>
Satisfaction of Purpose Restrictions:		
HU Campus Ministry Center	\$ 181,160	\$ 439,895
Women Religious Housing	<u>37,000</u>	<u>36,000</u>
Total	218,160	475,895
Restricted Purpose Spending-Rate Distributions and Appropriations:		
Scholarships	1,400,000	1,351,000
Needy Parish Endowment	818,120	199,000
Multicultural Apostolate	400,000	385,000
Seminarian Education Endowment	<u>121,000</u>	<u>117,000</u>
Total	<u>2,739,120</u>	<u>2,052,000</u>
Net Assets Released from Donor Restrictions	<u>\$ 2,957,280</u>	<u>\$ 2,527,895</u>

**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, 2023 AND 2022**

**NOTE 4 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, 2023 AND 2022**

**NOTE 4 ENDOWMENTS (CONTINUED)**

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

<u>June 30, 2023</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-Designated Endowment Funds:*			
Parish/School Loan Fund	\$ 5,118,158	\$ 16,993,906	\$ 22,112,064
Other Capital Projects	532,582	548,055	1,080,637
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amounts and Amounts Required to be Maintained in Perpetuity	-	45,035,781	45,035,781
Accumulated Investment Gains	-	8,235,044	8,235,044
Total	<u>\$ 5,650,740</u>	<u>\$ 70,812,786</u>	<u>\$ 76,463,526</u>
 <u>June 30, 2022</u>	 <u>Without Donor Restrictions</u>	 <u>With Donor Restrictions</u>	 <u>Total</u>
Board-Designated Endowment Funds:*			
Parish/School Loan Fund	\$ 3,488,002	\$ 18,661,487	\$ 22,149,489
Other Capital Projects	647,746	766,214	1,413,960
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amounts and Amounts Required to be Maintained in Perpetuity	-	45,035,446	45,035,446
Accumulated Investment Gains	-	5,604,854	5,604,854
Total	<u>\$ 4,135,748</u>	<u>\$ 70,068,001</u>	<u>\$ 74,203,749</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, 2023 AND 2022**

**NOTE 4 ENDOWMENTS (CONTINUED)**

Changes in endowment net assets are as follows for the year ended June 30, 2023:

Description	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 4,135,748	\$ 70,068,001	\$ 74,203,749
Investment Return, Net	2,525,660	4,757,191	7,282,851
Contributions	-	484	484
Board Designation	-	(1,055,610)	(1,055,610)
Distribution from Board-Designated Pursuant to Distribution Policy	(1,010,668)	(2,957,280)	(3,967,948)
Endowment Net Assets - End of Year	<u>\$ 5,650,740</u>	<u>\$ 70,812,786</u>	<u>\$ 76,463,526</u>

Changes in endowment net assets are as follows for the year ended June 30, 2022:

Description	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 7,646,397	\$ 77,703,942	\$ 85,350,339
Investment Return, Net	(2,708,088)	(5,290,708)	(7,998,796)
Contributions	-	402	402
Board Designation	-	182,260	182,260
Distribution from Board-Designated Pursuant to Distribution Policy	(802,561)	(2,527,895)	(3,330,456)
Endowment Net Assets - End of Year	<u>\$ 4,135,748</u>	<u>\$ 70,068,001</u>	<u>\$ 74,203,749</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, 2023 or 2022.

**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:

	2023	2022
Funds Held by Others	\$ 3,825	\$ 3,286
Note Receivable, Gross	2,386,272	1,330,662
Interest in CITW	76,324,492	73,280,730
Expenses:		
Program Services: CPA	2,567,948	1,966,895
Program Services: Catholic Education Foundation	1,400,000	1,351,000
Administrative Cost Incurred with CPA	72,200	69,000

A member of the board of FIF is a member of the Archdiocesan finance council.