

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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023



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**CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Catholic Education Foundation of the Archdiocese of Washington, Inc., which comprise the statements of financial position as of June 30, 2024 and 2023, 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 the Catholic Education Foundation of the Archdiocese of Washington, Inc. as of June 30, 2024 and 2023, 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 the Catholic Education Foundation of the Archdiocese of Washington, 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 the Catholic Education Foundation of the Archdiocese of Washington, 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 the Catholic Education Foundation of the Archdiocese of Washington, 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 the Catholic Education Foundation of the Archdiocese of Washington, 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
November 20, 2024

CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Cash (note 1(d))	\$ 6,099,183	\$ 4,627,460
Funds held by others (note 1(f))	6,681	6,858
Prepaid expenses	-	18,425
Investments (note 3)	19,561,568	17,767,798
Total assets	\$ 25,667,432	\$ 22,420,541
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 293,650	\$ 40,615
Payable to affiliates (note 6)	23,675	1,368,976
Total liabilities	317,325	1,409,591
NET ASSETS		
Net assets without donor restrictions	11,840,100	10,650,696
Net assets with donor restrictions (notes 4 and 5)	13,510,007	10,360,254
Total net assets	25,350,107	21,010,950
Total liabilities and net assets	\$ 25,667,432	\$ 22,420,541

See accompanying Notes to Financial Statements

CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT			
Contributions, donations, and gifts	\$ -	\$ 8,057,009	\$ 8,057,009
Net assets released from restrictions	5,156,540	(5,156,540)	-
Total revenue, gains, and other support	5,156,540	2,900,469	8,057,009
EXPENSES			
Program services:			
Tuition assistance	5,156,540	-	5,156,540
Total program services	5,156,540	-	5,156,540
Management and general	390,329	-	390,329
Total expenses	5,546,869	-	5,546,869
CHANGE IN NET ASSETS FROM OPERATIONS	(390,329)	2,900,469	2,510,140
NON-OPERATING ACTIVITIES			
Net investment income	1,579,733	249,284	1,829,017
CHANGE IN NET ASSETS	1,189,404	3,149,753	4,339,157
Net assets - beginning of year	10,650,696	10,360,254	21,010,950
NET ASSETS - END OF YEAR	\$ 11,840,100	\$ 13,510,007	\$ 25,350,107

See accompanying Notes to Financial Statements

CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT			
Contributions, donations, and gifts	\$ -	\$ 3,955,852	\$ 3,955,852
Net assets released from restrictions	5,260,193	(5,260,193)	-
Total revenue, gains, and other support	5,260,193	(1,304,341)	3,955,852
 EXPENSES			
Program services:			
Tuition assistance	5,260,193	-	5,260,193
Total program services	5,260,193	-	5,260,193
Management and general	374,292	-	374,292
Total expenses	5,634,485	-	5,634,485
 CHANGE IN NET ASSETS FROM OPERATIONS	(374,292)	(1,304,341)	(1,678,633)
 NON-OPERATING ACTIVITIES			
Net investment income	1,418,065	260,038	1,678,103
 CHANGE IN NET ASSETS	1,043,773	(1,044,303)	(530)
Net assets - beginning of year	9,606,923	11,404,557	21,011,480
 NET ASSETS - END OF YEAR	\$ 10,650,696	\$ 10,360,254	\$ 21,010,950

See accompanying Notes to Financial Statements

CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services - Tuition Assistance	Management and General	Total
Tuition assistance	\$ 5,156,540	\$ -	\$ 5,156,540
Administrative services	-	351,000	351,000
Professional fees and other expenses	-	39,329	39,329
	<u>\$ 5,156,540</u>	<u>\$ 390,329</u>	<u>\$ 5,546,869</u>
Total expenses	<u>\$ 5,156,540</u>	<u>\$ 390,329</u>	<u>\$ 5,546,869</u>

See accompanying Notes to Financial Statements

CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services - Tuition Assistance	Management and General	Total
Tuition assistance	\$ 5,260,193	\$ -	\$ 5,260,193
Administrative services	-	333,500	333,500
Professional fees and other expenses	-	40,792	40,792
	\$ 5,260,193	\$ 374,292	\$ 5,634,485

See accompanying Notes to Financial Statements

CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,339,157	\$ (530)
Adjustments to reconcile change in net assets to Net cash used by operating activities:		
Unrealized investment gains	(1,793,770)	(1,678,103)
Contributions collected and revenues restricted for long-term investments	(27,225)	(29,563)
Changes in assets and liabilities:		
Contributions receivable	-	72,100
Funds held by others	177	515
Prepaid expenses	18,425	(6,355)
Accounts payable	253,035	(74,058)
Payable due to affiliates	(1,345,301)	998,330
Net cash provided (used) by operating activities	1,444,498	(717,664)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from revenues restricted for investment in endowment	27,225	29,563
Net cash provided by financing activities	27,225	29,563
NET CHANGE IN CASH	1,471,723	(688,101)
Cash - beginning of year	4,627,460	5,315,561
CASH - END OF YEAR	\$ 6,099,183	\$ 4,627,460

See accompanying Notes to Financial Statements

CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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. Catholic Education Foundation operates exclusively for charitable and educational purposes, including, but not limited to, the stewardship of funds received from donors and the distribution of these funds in the form of tuition assistance to entities of the Archdiocese of Washington, or other Catholic entities approved by the Roman Catholic Archbishop of Washington, in order for students to attend Catholic schools.

(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 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 annuities which are administered by the Central Pastoral Administration of the Archdiocese of Washington (CPA) for the benefit of Catholic Education Foundation. The amounts are recorded at fair value as reported by the financial institution.

CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(h) Revenue Recognition and Net Assets

Net assets and revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions; accordingly, the net assets of Catholic Education Foundation 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 amounts for general use in operations and board-designated net assets, which are funds designated for specific purposes by the board of directors (see Note 5).

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 Catholic Education Foundation 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, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. At the time the conditions are met, those promises to become unconditional and are recognized as contributions with or without donor restrictions. 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.

CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Administrative Services

CPA provides administrative services to the Catholic Education Foundation. Catholic Education Foundation reimbursed CPA for these services totaling \$351,000 and \$333,500 for the years ended June 30, 2024 and 2023, respectively.

(j) Measure of Operations

Catholic Education Foundation has chosen to present changes in net assets from operations. Net investment income (loss) is excluded from the operating measure.

(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, 2024 and 2023, as Catholic Education Foundation had no significant unrelated business income.

Tax positions are recognized or derecognized based on a more-likely than-not threshold. 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, 2024 and 2023. 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) Tuition Assistance Grants

Tuition assistance grants are approved as a not-to-exceed total by the board of directors and distributed in the following fiscal year. As of June 30, 2024, the board of directors approved up to \$6,200,000 for tuition assistance grants for the next fiscal year. With the exception of amounts approved for guaranteed funding schools, tuition assistance grants to specific schools are treated as intentions to give that become an obligation in the following year based on enrollment and specific requests of each school. Certain schools within the Archdiocese of Washington are guaranteed funding schools for which the board approves a set amount of assistance. These amounts are conditional promises to give that are recognized and paid to those schools when the performance barriers have been satisfied. The barriers are satisfied when the applications demonstrating a financial need have been approved by the school and the student has enrolled and begun to attend class. The Catholic Education Foundation has the right of release from this commitment if the barriers are not met. As of both June 30, 2024 and 2023, conditional promises to give to the guaranteed funding schools was \$1,950,000. The timing of tuition assistance payments is dependent on the cash flow needs of each school.

CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) 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. The statements of functional expenses present the natural classification detail of expenses by function. All costs are directly assigned to the program services or management and general expenses as applicable.

(n) 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:

	2024	2023
Cash	\$ 6,099,183	\$ 4,627,460
Funds held by others	6,681	6,858
Prepaid expense	-	18,425
Investments	19,561,568	17,767,798
Subtotal	25,667,432	22,420,541
Less:		
Amounts subject to donor restrictions	(13,510,007)	(10,360,254)
Amounts subject to board designations	(1,069,648)	(1,069,648)
Total	\$ 11,087,777	\$ 10,990,639

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

(o) Recently Adopted Accounting Pronouncement

In 2024, the Catholic Education Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Catholic Education Foundation adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Catholic Education Foundation’s financial statements but did change how the allowance for credit losses is determined.

(p) Subsequent Events

In preparing these financial statements, the Catholic Education Foundation has evaluated events and transactions for potential recognition or disclosure through November 20, 2024, the date that the financial statements were available to be issued.

CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 CONCENTRATIONS

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.

Revenue

Contributions from CPA and other related parties totaled approximately \$3,900,000 for each of the years ended June 30, 2024 and 2023, respectively. These sources of revenue combined represent 49% and 98% of total contribution revenue for the years ended June 30, 2024 and 2023, respectively.

NOTE 3 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.

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.

CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2024 and 2023, 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 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 26% and 24 % of the total balances as of June 30, 2024 and 2023, respectively, and were not available for redemption.

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 \$19,561,568 and \$17,767,798 at June 30, 2024 and 2023, respectively, is estimated using the NAV as a practical expedient. There are no unfunded commitments for this investment.

NOTE 4 NET ASSETS

Net Assets without Donor Restrictions

The following table summarizes the nature of the net assets without donor restrictions as of June 30:

	<u>2024</u>	<u>2023</u>
Board-designated for tuition assistance	\$ 1,069,648	\$ 1,069,648
Undesignated	10,770,452	9,581,048
Net assets without donor restrictions	<u>\$ 11,840,100</u>	<u>\$ 10,650,696</u>

CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 4 NET ASSETS (CONTINUED)

Net Assets with Donor Restrictions (Continued)

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:

	2024	2023
Subject to expenditure for specified purpose:		
Tuition assistance (high school/elementary)	\$ 9,830,859	\$ 6,878,390
Subject to endowment spending policy and appropriation:		
Tuition assistance (high school/elementary)	3,679,148	3,481,864
Net assets with donor restrictions	\$ 13,510,007	\$ 10,360,254

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

	2024	2023
Satisfaction of purpose restrictions:		
Tuition assistance (high school/elementary)	\$ 5,104,540	\$ 5,100,623
Restricted purpose spending-rate distributions and appropriations:		
Tuition assistance (high school/elementary)	52,000	159,570
Net assets released from donor restrictions	\$ 5,156,540	\$ 5,260,193

NOTE 5 ENDOWMENTS

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

The board of directors of Catholic Education Foundation (the Board) has interpreted UPMIFA 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. As a result of this interpretation, Catholic Education Foundation 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 by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 5 ENDOWMENTS (CONTINUED)

In accordance with UPMIFA, 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.

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2024 Total</u>
Donor-restricted endowment funds:			
Original donor-restricted gift amounts and amounts required to be maintained in perpetuity	\$ -	\$ 3,253,405	\$ 3,253,405
Accumulated investment gains	-	425,743	425,743
Total	<u>\$ -</u>	<u>\$ 3,679,148</u>	<u>\$ 3,679,148</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>
Donor-restricted endowment funds:			
Original donor-restricted gift amounts and amounts required to be maintained in perpetuity	\$ -	\$ 3,226,180	\$ 3,226,180
Accumulated investment gains	-	255,684	255,684
Total	<u>\$ -</u>	<u>\$ 3,481,864</u>	<u>\$ 3,481,864</u>

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 OF THE ARCHDIOCESE OF WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 5 ENDOWMENTS (CONTINUED)

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 net assets with donor restrictions) using a three-year rolling average.

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

	Without Donor Restrictions	With Donor Restrictions	2024 Total
Endowment net assets - beginning of year	\$ -	\$ 3,481,864	\$ 3,481,864
Investment return, net	-	249,284	249,284
Appropriation of endowment assets pursuant to spending policy	-	(52,000)	(52,000)
Endowment net assets - end of year	<u>\$ -</u>	<u>\$ 3,679,148</u>	<u>\$ 3,679,148</u>
	Without Donor Restrictions	With Donor Restrictions	2023 Total
Endowment net assets - beginning of year	\$ -	\$ 3,381,396	\$ 3,381,396
Investment return, net	-	260,038	260,038
Appropriation of endowment assets pursuant to spending policy	-	(159,570)	(159,570)
Endowment net assets - end of year	<u>\$ -</u>	<u>\$ 3,481,864</u>	<u>\$ 3,481,864</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). Catholic Education Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no deficiencies for each of the years ended June 30, 2024 and 2023.

CATHOLIC EDUCATION FOUNDATION OF THE ARCHDIOCESE OF WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 6 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:

	2024	2023
Statements of financial position:		
Receivable due from Central Pastoral Funds held by CPA	\$ 6,681	\$ 6,858
Payable to affiliates:		
Consortium of Catholic Academies	-	1,294,221
Don Bosco Cristo Rey High School	116,667	116,666
Central Pastoral Administration	(92,992)	(41,911)
Statements of activities:		
Contributions for tuition assistance from CPA and parishes	2,519,340	2,471,048
Contributions for tuition assistance from Forward in Faith	1,402,000	1,400,000
Tuition assistance expense for Archdiocesan Catholic schools	4,906,240	5,080,693
Expenses incurred with CPA:		
Management and general paid to CPA	351,000	333,500



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