

**FULCRUM FOUNDATION**

Financial Statements

For the Years Ended June 30, 2023 and 2022

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## **Independent Auditor's Report**

**To the Member and to the Board of Trustees  
Fulcrum Foundation  
Seattle, Washington**

### **Opinion**

We have audited the financial statements of Fulcrum Foundation (the Foundation), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Other Matter**

The financial statements of the Foundation for the year ended June 30, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on November 7, 2022.

### **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.



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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 Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

## **Auditor's 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 auditor's 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 Foundation'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 Foundation'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.

*Clark Nuber P.S.*

Certified Public Accountants  
October 24, 2023

## FULCRUM FOUNDATION

### Statements of Financial Position June 30, 2023 and 2022

	2023			2022		
	Non-Custodial	Custodial	Total	Non-Custodial	Custodial	Total
<b>Assets</b>						
<b>Current Assets:</b>						
Cash	\$ 1,843,991	\$ -	\$ 1,843,991	\$ 2,645,757	\$ -	\$ 2,645,757
Foundation investments	9,095,133		9,095,133	8,687,057		8,687,057
Current portion of contributions receivable	2,966,143		2,966,143	3,645,490		3,645,490
Other receivables	21,600		21,600	68,518		68,518
Current assets before custodial assets	13,926,867		13,926,867	15,046,822		15,046,822
Cash held for other custodial purposes		5,686	5,686		42,938	42,938
Custodial investments held for Catholic Schools		69,155,952	69,155,952		60,641,013	60,641,013
Total custodial assets		69,161,638	69,161,638		60,683,951	60,683,951
<b>Total Current Assets</b>	<b>13,926,867</b>	<b>69,161,638</b>	<b>83,088,505</b>	<b>15,046,822</b>	<b>60,683,951</b>	<b>75,730,773</b>
Contributions receivable, net of current portion	942,882		942,882	2,219,291		2,219,291
Contributions receivable for endowment	37,057		37,057	56,090		56,090
Foundation investments held for endowment	62,785,656		62,785,656	59,725,478		59,725,478
Funds held in trust by others	325,807		325,807	312,951		312,951
Irrevocable trust investments	1,100,193		1,100,193	1,045,880		1,045,880
Other assets	46,522		46,522	48,833		48,833
<b>Total Assets</b>	<b>\$ 79,164,984</b>	<b>\$ 69,161,638</b>	<b>\$ 148,326,622</b>	<b>\$ 78,455,345</b>	<b>\$ 60,683,951</b>	<b>\$ 139,139,296</b>
<b>Liabilities and Net Assets</b>						
<b>Current Liabilities:</b>						
Accounts payable and accrued expenses	\$ 238,550	\$ -	\$ 238,550	\$ 244,664	\$ -	\$ 244,664
Current portion of payable to beneficiaries	50,000		50,000	50,000		50,000
Program grants payable	4,941,916		4,941,916	4,695,547		4,695,547
Total current liabilities before custodial liabilities	5,230,466		5,230,466	4,990,211		4,990,211
Custodial liabilities		69,161,638	69,161,638		60,683,951	60,683,951
<b>Total Current Liabilities</b>	<b>5,230,466</b>	<b>69,161,638</b>	<b>74,392,104</b>	<b>4,990,211</b>	<b>60,683,951</b>	<b>65,674,162</b>
Payable to beneficiaries, net of current portion	310,063		310,063	323,948		323,948
<b>Total Liabilities</b>	<b>5,540,529</b>	<b>69,161,638</b>	<b>74,702,167</b>	<b>5,314,159</b>	<b>60,683,951</b>	<b>65,998,110</b>
<b>Net Assets:</b>						
Without donor restrictions	8,225,448		8,225,448	8,325,004		8,325,004
With donor restrictions	65,399,007		65,399,007	64,816,182		64,816,182
<b>Total Net Assets</b>	<b>73,624,455</b>		<b>73,624,455</b>	<b>73,141,186</b>		<b>73,141,186</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 79,164,984</b>	<b>\$ 69,161,638</b>	<b>\$ 148,326,622</b>	<b>\$ 78,455,345</b>	<b>\$ 60,683,951</b>	<b>\$ 139,139,296</b>

See accompanying notes.

**FULCRUM FOUNDATION**

**Statements of Activities  
For the Years Ended June 30, 2023 and 2022**

	2023		2022	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Revenue and Other Support:</b>				
Contributions and bequests, net	\$ 548,701	\$ 2,686,954	\$ 3,235,655	\$ 1,639,407
Special event revenue - Celebration of Light	2,109,050	1,298,334	3,407,384	2,734,078
Special event expense - Celebration of Light	(407,637)		(407,637)	(552,483)
Net assets released from restrictions	7,499,225	(7,499,225)		(5,757,028)
<b>Total Operating Revenue and Other Support</b>	<b>9,749,339</b>	<b>(3,513,937)</b>	<b>6,235,402</b>	<b>(4,532,308)</b>
<b>Expenses:</b>				
Program services-				
Tuition assistance, school support and leadership	8,369,902		8,369,902	6,980,944
Support services-				
General and administrative	1,030,095		1,030,095	916,320
Fundraising	722,232		722,232	420,110
<b>Total Expenses</b>	<b>10,122,229</b>		<b>10,122,229</b>	<b>8,317,374</b>
<b>Change in Net Assets Before Gains (Losses) on Endowments and Investments, Change in Irrevocable Split-Interest Agreements and Capital Campaign Contributions and Expenditures</b>	<b>(372,890)</b>	<b>(3,513,937)</b>	<b>(3,886,827)</b>	<b>(4,496,372)</b>
Investment return on endowments and investments	273,334	4,015,708	4,289,042	(6,027,510)
Change in value of irrevocable split-interest agreements		81,054	81,054	(282,405)
Capital campaign contributions and bequests				22,856,452
Less capital campaign expenses				(458,847)
<b>Total Change in Net Assets</b>	<b>(99,556)</b>	<b>582,825</b>	<b>483,269</b>	<b>11,591,318</b>
Net assets, beginning of year	8,325,004	64,816,182	73,141,186	61,549,868
<b>Net Assets at End of Year</b>	<b>\$ 8,225,448</b>	<b>\$ 65,399,007</b>	<b>\$ 73,624,455</b>	<b>\$ 73,141,186</b>

See accompanying notes.

**FULCRUM FOUNDATION**

**Statements of Functional Expenses  
For the Years Ended June 30, 2023 and 2022**

	2023				2022			
	Tuition Assistance, School Support and Leadership	General and Administration	Fundraising	Total	Tuition Assistance, School Support and Leadership	General and Administration	Fundraising	Total
<b>Program Grants:</b>								
School partnership grants	\$ 4,424,345	\$ -	\$ -	\$ 4,424,345	\$ 4,147,952	\$ -	\$ -	\$ 4,147,952
Tuition assistance	3,427,871			3,427,871	2,337,467			2,337,467
Leadership program	112,469			112,469	134,671			134,671
<b>Total Program Grants</b>	<b>7,964,685</b>			<b>7,964,685</b>	<b>6,620,090</b>			<b>6,620,090</b>
<b>Expenses:</b>								
Salaries and related expenses	376,924	456,330	624,971	1,458,225	331,481	438,863	785,537	1,555,881
Professional and contract services	9,844	206,099	115,878	331,821	11,260	186,994	23,790	222,044
Catering, conferences and meetings	12,141	95,008	258,623	365,772	10,360	56,476	427,875	494,711
Printing and publications	502	116,264	88,802	205,568	145	109,301	117,880	227,326
Supplies	5,787	23,512	10,440	39,739	5,447	30,159	39,882	75,488
Rent		26,934	27,369	54,303		24,690	24,690	49,380
Bad debt expense		67,165		67,165		15,248		15,248
Other	19	38,783	3,786	42,588	2,161	54,589	11,786	68,536
<b>Total Expenses</b>	<b>405,217</b>	<b>1,030,095</b>	<b>1,129,869</b>	<b>2,565,181</b>	<b>360,854</b>	<b>916,320</b>	<b>1,431,440</b>	<b>2,708,614</b>
Less Celebration of Light expenses			(407,637)	(407,637)			(552,483)	(552,483)
Less capital campaign expenses							(458,847)	(458,847)
<b>Total Functional Expenses</b>	<b>\$ 8,369,902</b>	<b>\$ 1,030,095</b>	<b>\$ 722,232</b>	<b>\$ 10,122,229</b>	<b>\$ 6,980,944</b>	<b>\$ 916,320</b>	<b>\$ 420,110</b>	<b>\$ 8,317,374</b>

See accompanying notes.



**FULCRUM FOUNDATION**

**Statements of Cash Flows  
For the Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash Flows Provided by (Used in) Operating Activities:</b>		
Change in net assets	\$ 483,269	\$ 11,591,318
Adjustments to reconcile change in net assets to net cash flows provided by (used in) operating activities-		
Change in irrevocable split-interest agreements	(81,054)	282,405
Realized and unrealized investment (gains) losses	(2,923,353)	6,473,267
Contributions restricted for endowments	(1,235,188)	(16,153,833)
Changes in operating assets:		
Contributions receivable	1,955,756	(1,584,004)
Other receivables	46,918	(64,518)
Other assets	2,311	(4,898)
Changes in operating liabilities:		
Accounts payable and accrued expenses	(6,114)	58,722
Custodial liabilities	(37,252)	(19,732)
Program grants payable	246,369	120,133
<b>Net Cash Flows (Used in) Provided by Operating Activities</b>	<b>(1,548,338)</b>	<b>698,860</b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of investments	(4,650,433)	(24,569,239)
Proceeds from sales of investments	4,105,532	9,177,241
<b>Net Cash Used In Investing Activities</b>	<b>(544,901)</b>	<b>(15,391,998)</b>
<b>Cash Flows From Financing Activities:</b>		
Contributions restricted for endowments	1,254,221	16,167,166
<b>Net Cash Provided by Financing Activities</b>	<b>1,254,221</b>	<b>16,167,166</b>
<b>Net Change in Cash</b>	<b>(839,018)</b>	<b>1,474,329</b>
Cash, at beginning of year	2,688,695	1,214,366
<b>Cash, at End of Year</b>	<b>\$ 1,849,677</b>	<b>\$ 2,688,695</b>
<b>Cash is Presented on the Statements of Financial Position as Follows:</b>		
Cash	\$ 1,843,991	\$ 2,645,757
Cash held for other custodial purposes	5,686	42,938
	<b>\$ 1,849,677</b>	<b>\$ 2,688,695</b>

See accompanying notes.

## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2023 and 2022

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#### Note 1 - Organization and Significant Accounting Policies

**Organization** - Fulcrum Foundation (the Foundation) is a not-for-profit corporation that directly or indirectly provides financial assistance to Catholic schools in the Archdiocese of Seattle (the Archdiocese), primarily through tuition assistance, school partnership grants, and leadership grants for initiatives that promote academic excellence and faith formation. The Archbishop of Seattle is the sole member and appoints the Foundation's Board of Trustees.

**Basis of Presentation** - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets on which there are no donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets restricted by donors to be used for certain purposes or future purposes, including donor-restricted endowments whose corpus is intended to be held in perpetuity. The income from contributions restricted in perpetuity is utilized for the purpose specified by the donor. Net assets with donor restrictions that are temporary in nature are transferred to net assets without donor restrictions as restrictions are met or as time restrictions expire.

Revenues are 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. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets.

**Contributions and Bequests** - Contributions are recognized in the period received, including unconditional promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Those that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using the risk-adjusted interest rate applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are recognized as revenue when the conditions on which they depend are substantially met. At June 30, 2023 and 2022, there were no conditional contributions. Donated securities are recorded at their fair values on the date of receipt. Bequests are recognized when the Foundation is notified of the death of the donor, and the amount to be received is known by the Foundation, which is generally after completion of the probate process.

Contribution and bequest revenue consist of the following for the years ended June 30:

	2023	2022
Contributions	\$ 3,205,297	\$ 1,561,678
Change in discount	69,322	77,617
Change in allowance for doubtful contributions	(38,964)	112
	<u>\$ 3,235,655</u>	<u>\$ 1,639,407</u>

## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2023 and 2022

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#### Note 1 - Continued

Special event revenue from the Celebration of Light consists of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Celebration of Light revenue	\$ 3,432,196	\$ 2,737,565
Celebration of Light expenses	(407,637)	(552,483)
Change in allowance for doubtful accounts	<u>(24,812)</u>	<u>(3,487)</u>
	<u><b>\$ 2,999,747</b></u>	<u><b>\$ 2,181,595</b></u>

**Capital Campaign Contributions** - The Foundation ran a multi-year capital campaign, called Uplift, to raise funds for tuition assistance, direct support to Catholic schools, and for the development of transformational Catholic school leaders. The capital campaign ended June 30, 2022.

Capital campaign contributions consist of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Capital Campaign contributions	\$ -	\$ 22,881,275
Change in discount		(15,010)
Change in allowance for doubtful contributions		<u>(9,813)</u>
	<u><b>\$ -</b></u>	<u><b>\$ 22,856,452</b></u>

Contributions and bequests, and Capital Campaign contributions will vary from year to year given the cyclical nature of annual fundraising and grant making.

**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 and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent and insurance, which are allocated based on estimated usage of square footage, as well as salaries and related expenses, and other expenses, which are allocated on the basis of estimates of time and effort.

**Donated Services** - In-kind contributions of goods and services are recognized at estimated fair values if they (a) create or enhance nonfinancial assets or (b) require specialized technical skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

A significant number of people have donated time to the Foundation. The donated services do not meet the requirements for recognition in the financial statements and have not been recorded.

## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2023 and 2022

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#### Note 1 – Continued

**Cash** - For purposes of cash flows, the Foundation considers cash in checking, savings, and money market accounts to be cash unless these accounts are included as part of the investment portfolio. At times, the Foundation has deposits in excess of federally insured limits.

**Investments, Irrevocable Trust Investments and Investment Income Recognition** - Investments in debt and equity securities with readily determinable market values are recorded at fair value. The fair value of investments in securities traded on national securities exchanges are valued at the closing price on the last business day of the fiscal year; securities traded on the over-the-counter market are valued at the last reported bid price.

The fair value of other investments for which quoted market prices are not available are determined by management with the assistance of third-party investment managers in good faith using methods management considers appropriate. Securities are generally held in custodial investment accounts administered by certain financial institutions.

Investments in certain nonmarketable alternative investments, as a practical expedient, are stated at fair value based on net asset value (NAV) estimates reported to the Foundation by investment managers. The Foundation relies on information provided by the investment managers to evaluate the valuation methods and assumptions used in determining the fair value of the alternative investments. Because of the inherent uncertainty of the valuation of nonmarketable and restricted investments, the estimated fair values of these investments may differ significantly from the values that would have been used had a ready market for the securities existed.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Unrealized gains and losses are included in the change in net assets.

The Foundation's policy is to sell donated stock within 90 days. Consequently, proceeds from the sale of donated stock are reported as part of cash flows from operations (cash received from donors).

Investment securities, in general, are exposed to various risks, including interest rate, credit and overall market volatility. Due to the risk associated with certain long-term investments, it is reasonably probable that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

**Program Grants Payable** - Program grants payable are reported as an expense and liability when the unconditional award is made. Program grants payable represents payments to be made to Catholic schools for tuition assistance, school partnership grants, and leadership grants for initiatives that promote academic excellence and faith formation.

Tuition assistance grants are generally awarded prior to the fiscal year end and are paid in the fall, after the school year begins. Other grants are awarded throughout the year, but funding can occur up to several years after being granted.

## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2023 and 2022

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#### Note 1 - Continued

**Custodial Assets and Liabilities** - The Foundation serves a custodial function for Catholic schools' endowments in the Archdiocese. The investment balances and related custodial liabilities are increased to reflect investment gains and the fair values of additional contributions of funds by the Catholic schools to their endowments. Distributions from endowments and investment losses result in reductions of the investment accounts and the corresponding custodial liabilities. In addition, administrative fees of \$62,497 and \$63,172 were charged to these accounts for administrative services provided by the Archdiocese for the years ended June 30, 2023 and 2022, respectively. The custodial liabilities are equal to the fair value of related assets. The changes in the values of the custodial assets and liabilities are not reflected in the statements of activities.

Total investment gains allocated to custodial accounts for the year ended June 30, 2023, totaled \$6,283,298.  
Total investment losses allocated to custodial accounts for the year ended June 30 2022, totaled \$10,256,560.

**Irrevocable Split-Interest Agreements** - The Foundation receives contributions in the form of irrevocable split-interest agreements. These agreements include charitable remainder trusts, which include an agreement for which the Foundation acts as trustee and holds the assets, as well as two agreements where the Foundation has an interest in the trust but is not the trustee. When the trust's obligations to all beneficiaries expire, the remaining assets will be received by the Foundation.

The Foundation recognizes the net present value of those trusts where the Foundation is not the trustee as beneficial interests (funds held in trust by others) and revenue. Where the Foundation is the trustee, the assets (irrevocable trust investments) are recorded at fair value. The fair value of the distributions expected to be paid to the beneficiaries over the term of the trust is recorded as a liability (payable to beneficiaries) and the difference is recorded as contribution revenue. The discount rates used to compute the present value of these beneficial interests and liabilities range from 6% to 7% and the discount periods are based on Internal Revenue Service actuarial tables. As required by accounting principles generally accepted in the United States of America (U.S. GAAP), discount rates are estimated based on the underlying asset mix and estimated maturity of the gifts.

**Concentration** - At June 30, 2023, 75% of undiscounted contributions receivable were due from three donors. At June 30, 2022, 66% of undiscounted contributions receivable were due from three donors.

Revenue from two donors represented 48% of undiscounted contributions for the year ended June 30, 2023.  
Revenue from three donors represented 72% of undiscounted contributions for the year ended June 30, 2022.

**Income Taxes** - The IRS has determined that the Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, no provision for federal income tax has been made in these financial statements.

**Use of Estimates** - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from the estimated amounts.

The valuation of alternative investments, the discount on contributions receivable, the estimate of the allowance for doubtful contributions, the value of funds held in trust by others, and the payable to beneficiaries are considered estimates, and it is reasonably possible that the estimates will change in the near term, which would affect future financial statements.

## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2023 and 2022

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#### Note 1 - Continued

**Reclassifications** - Certain items from the prior-year financial statements have been reclassified to conform to the current-year presentation. These reclassifications had no impact on net assets or changes in net assets as previously reported.

**Subsequent Events** - Management of the Foundation has evaluated subsequent events through the date these financial statements were available to be issued, which was October 24, 2023.

#### Note 2 - Liquidity and Availability of Resources

The Foundation receives contributions and bequests without donor restrictions, and with donor restrictions for specific purposes consistent with the mission of the Foundation, or to establish or increase endowments to exist in perpetuity. The income generated from such endowments is used as directed by the donors and in a manner consistent with the Foundation's spending policies.

The Foundation considers contributions without donor restrictions, appropriated earnings from donor-restricted endowments, investment income without donor restrictions, and contributions with donor restrictions for use in current programs (tuition assistance, school grants, and leadership grants) to be available to meet cash needs for general expenditures. General expenditures include administrative expenses, fundraising expenses, program expenses, and grants/donations for program purpose. As such, board-designated funds for reserves and other purposes are considered available for general expenditure at June 30, 2023 and 2022.

A summary of the Foundation's financial assets available for general expenditures within one year as of June 30, is as follows:

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,843,991	\$ 2,645,757
Foundation investments	9,095,133	8,687,057
Current portion of contributions receivable	2,966,143	3,645,490
Other receivables	<u>21,600</u>	<u>68,518</u>
Financial assets available for general expenditures	13,926,867	15,046,822
Less restricted gifts not available within one year	<u>(215,775)</u>	<u>(35,275)</u>
<b>Financial Assets Available to Meet General Expenditures Within One Year</b>	<b><u>\$ 13,711,092</u></b>	<b><u>\$ 15,011,547</u></b>

The Foundation board-designated endowment funds of \$4,417,274 and \$4,379,099 as of June 30, 2023 and 2022, respectively, are subject to an annual spending rate as described in Note 8. Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary. Board-designated endowment funds are not included in the table above.

## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2023 and 2022

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#### Note 2 - Continued

The Foundation held \$69,161,638 and \$60,683,951 in cash and investments on behalf of the Archdiocesan schools as of June 30, 2023 and 2022, respectively. These amounts are held as custodial amounts and are not available for general expenditures of the Foundation.

#### Note 3 - Investments and Fair Value Measurements

U.S. GAAP defines fair value, provides a framework for measuring fair value, and requires certain disclosures about fair value measurements. To increase consistency and comparability in fair value measurements, U.S. GAAP uses a fair value hierarchy that prioritizes the inputs to valuation approaches into three broad levels. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

**Valuation Techniques** - Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using Level 3 inputs are primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability that are significant to the fair value of the assets or liabilities. Valuation techniques utilized to determine fair value are consistently applied.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

**Common Stock and Mutual Funds - Publicly Traded** - Common stock and mutual funds that are publicly traded are recorded at fair value based on quoted prices in active markets and are classified within Level 1 of the fair value hierarchy.

**Alternative Investments - Non-Publicly Traded** - Alternative investments typically have lower correlation to and tend to behave differently than typical stock and bond investments. The Foundation invests in them to provide broader diversification, reduce risk, and enhance returns. These investments are reported at net asset value (NAV) provided by the administrators of the funds, which is a practical expedient to fair value.

**Hedge Funds of Funds (Funds)** - NAV is based on the value of the underlying assets, less any liabilities, and then divided by the number of shares outstanding. The Funds may be liquidated periodically, ranging from quarterly to triennially, depending on the provisions of the respective Fund's governing agreement. Investment and liquidation of the Funds are executed at NAV within one year of the statement of financial position. The underlying investments of the Funds include private investment funds that may invest in equity securities, debt securities, derivatives, or other financial instruments. Investments held for Catholic schools do not include any hedge funds of funds.

## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2023 and 2022

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#### Note 3 - Continued

Private Equity and Private Natural Resources Investments - These investments, for which quoted market prices are not available, are reported using NAV provided by the administrators of the funds, which is a practical expedient to fair value. The administrators' estimates of NAV are based on the value of the underlying assets as reported by the investment managers of the partnerships, less any liabilities, and then divided by the number of shares outstanding. Private real estate investments may be redeemed quarterly. Private equity and private natural resources investments generally cannot be redeemed, and distributions are received from the funds typically upon liquidation of the underlying assets within the funds' portfolios. Investments held for Catholic schools do not include any private equity, private real estate, or private natural resources investments.

Current Foundation investments consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Money market funds	\$ 3,133,608	\$ 1,975,220
Mutual funds - publicly traded-		
Fixed income:		
Intermediate-term bond funds	1,331,526	2,826,665
Short-term bond funds	2,941,722	1,081,305
Inflation-protected bond funds	668,303	713,012
International bond fund		289,711
Absolute return funds		<u>699,749</u>
Total mutual funds - publicly traded	4,941,551	5,610,442
Funds subject to distribution in upcoming year	<u>1,019,974</u>	<u>1,101,395</u>
<b>Total Current Foundation Investments</b>	<b><u><u>\$ 9,095,133</u></u></b>	<b><u><u>\$ 8,687,057</u></u></b>



## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2023 and 2022

#### Note 3 - Continued

The following tables set forth by level, within the fair value hierarchy, the Foundation's investments measured at fair value:

	Fair Value Measurements as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Money market	\$ 3,133,608	\$ -	\$ -	\$ 3,133,608
Mutual funds	4,941,551			4,941,551
<b>Total Investments, in the Fair Value Hierarchy</b>	<b>\$ 8,075,159</b>	<b>\$ -</b>	<b>\$ -</b>	8,075,159
Funds subject to distribution in the upcoming year				1,019,974
<b>Total Investments</b>				<b>\$ 9,095,133</b>

	Fair Value Measurements as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Money market	\$ 1,975,220	\$ -	\$ -	\$ 1,975,220
Mutual funds	5,610,442			5,610,442
<b>Total Investments, in the Fair Value Hierarchy</b>	<b>\$ 7,585,662</b>	<b>\$ -</b>	<b>\$ -</b>	7,585,662
Funds subject to distribution in the upcoming year				1,101,395
<b>Total Investments</b>				<b>\$ 8,687,057</b>

## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2023 and 2022

#### Note 3 - Continued

Foundation investments held for endowment consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Cash	\$ 10,725	\$ 29,600
Money market funds	39,960	98,171
U.S. large cap common stock	16,934,796	12,915,515
International common stock	8,480,680	8,023,476
Mutual funds - publicly traded-		
Fixed income:		
Intermediate-term bond funds	8,885,737	8,268,635
Emerging market bond fund		1,201,980
Short-term bond funds		1,398,883
Equity:		
Emerging market bond fund	4,474,504	3,769,987
U.S. equity funds	3,965,728	3,364,209
Developed international small cap fund	1,686,603	1,716,117
Infrastructure	1,235,948	1,405,907
Real estate funds	1,785,103	1,737,566
Total mutual funds - publicly traded	22,033,623	22,863,284
Alternative investments-		
Hedge funds of funds	6,503,825	6,218,219
Private equity	8,369,972	8,810,312
Private natural resources	1,830,036	1,868,296
Total alternative investments	16,703,833	16,896,827
Funds pending transfer or distribution	(1,417,961)	(1,101,395)
<b>Total Foundation Investments Held for Endowment</b>	<b><u>\$ 62,785,656</u></b>	<b><u>\$ 59,725,478</u></b>

## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2023 and 2022

#### Note 3 - Continued

The following tables set forth by level, within the fair value hierarchy, the Foundation's investments held for endowment measured at fair value:

	Fair Value Measurements as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Cash	\$ 10,725	\$ -	\$ -	\$ 10,725
Money market fund	39,960			39,960
Common stock	25,415,476			25,415,476
Mutual funds	22,033,623			22,033,623
<b>Total Investments, in the Fair Value Hierarchy</b>	<b>\$ 47,499,784</b>	<b>\$ -</b>	<b>\$ -</b>	47,499,784
Alternative investment funds, at net asset value*				16,703,833
Funds pending transfer to custodial account				(397,987)
Funds pending distribution				(1,019,974)
<b>Total Investments</b>				<b>\$ 62,785,656</b>

  

	Fair Value Measurements as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Cash	\$ 29,600	\$ -	\$ -	\$ 29,600
Money market	98,171			98,171
Common stock	20,938,991			20,938,991
Mutual funds	22,863,284			22,863,284
<b>Total Investments, in the Fair Value Hierarchy</b>	<b>\$ 43,930,046</b>	<b>\$ -</b>	<b>\$ -</b>	43,930,046
Alternative investment funds, at net asset value*				16,896,827
Funds pending distribution				(1,101,395)
<b>Total Investments</b>				<b>\$ 59,725,478</b>

\* In accordance with FASB Subtopic 820-10, certain investments that were measured at NAV per unit (or its equivalent) 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 line items presented in the statements of financial position.

## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2023 and 2022

#### Note 3 - Continued

Redemption and funding commitments for alternative investments are as follows for the years ended June 30:

	June 30, 2023		June 30, 2022		Redemption Frequency	Redemption Notice
	Balance	Unfunded Commitments	Balance	Unfunded Commitments		
Hedge fund of funds	\$ 6,503,825	\$ -	\$ 6,218,219	\$ -	Quarterly to triennially	95 - 180 days
Private equity funds	8,369,972	6,635,226	8,810,312	7,720,852	illiquid (> 5 years)	N/A
Private natural resources	1,830,036	304,016	1,868,296	441,548	illiquid (> 5 years)	N/A
	<u>\$ 16,703,833</u>	<u>\$ 6,939,242</u>	<u>\$ 16,896,827</u>	<u>\$ 8,162,400</u>		

Custodial investments held for Catholic schools consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Money market funds	\$ 208,419	\$ 451,710
U.S. large cap common stock	22,179,904	15,895,616
International common stock	11,298,482	10,902,891
Mutual funds - publicly traded-		
Fixed income:		
Intermediate-term bond funds	13,058,590	10,886,566
Short-term bond funds		2,459,285
Equity:		
Emerging market bond fund	5,330,113	4,548,833
U.S. equity funds	4,823,317	3,658,524
Developed international small cap fund	2,031,748	1,717,875
Infrastructure	1,334,802	1,431,168
Absolute return funds	6,535,819	6,921,256
Real estate funds	<u>1,956,771</u>	<u>1,767,289</u>
Total mutual funds - publicly traded	35,071,160	33,390,796
Funds pending transfer from Foundation endowment	<u>397,987</u>	
<b>Total Custodial Investments Held for Catholic Schools</b>	<u><b>\$ 69,155,952</b></u>	<u><b>\$ 60,641,013</b></u>

## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2023 and 2022

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#### Note 3 - Continued

The following tables set forth by level, within the fair value hierarchy, the Foundation's investments held for Catholic schools measured at fair value:

	Fair Value Measurements as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Money market	\$ 208,419	\$ -	\$ -	\$ 208,419
Common stock	33,478,386			33,478,386
Mutual funds	35,071,160			35,071,160
<b>Total Investments, in the Fair Value Hierarchy</b>	<b>\$ 68,757,965</b>	<b>\$ -</b>	<b>\$ -</b>	68,757,965
Funds pending transfer from Foundation endowment				397,987
<b>Total Investments</b>				<b>\$ 69,155,952</b>

	Fair Value Measurements as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Money market	\$ 451,710	\$ -	\$ -	\$ 451,710
Common stock	26,798,507			26,798,507
Mutual funds	33,390,796			33,390,796
<b>Total Investments</b>	<b>\$ 60,641,013</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 60,641,013</b>

## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2023 and 2022

#### Note 4 - Irrevocable Split-Interest Agreements

Irrevocable trust investments are all valued using Level 1 inputs and consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Money market funds	\$ 7,032	\$ 3,106
Mutual funds - publicly traded-		
Fixed income:		
Intermediate-term bond funds	206,821	149,955
Inflation-protected bond fund		34,362
Short-term bond fund		30,682
Emerging market bond fund		31,230
Equity:		
U.S. equity funds	425,819	342,603
International equity funds	232,859	198,445
Emerging markets funds	57,722	56,152
Developed international small cap fund		32,702
Infrastructure	26,976	25,537
Absolute return funds	114,046	110,400
Real estate funds	28,918	30,706
	<u>1,093,161</u>	<u>1,042,774</u>
<b>Total mutual funds - publicly traded</b>	<b><u>1,093,161</u></b>	<b><u>1,042,774</u></b>
<b>Total Custodial Investments Held for Catholic Schools</b>	<b><u>\$ 1,100,193</u></b>	<b><u>\$ 1,045,880</u></b>

Changes to the present value of funds held in trust by others were the result of the following:

	<u>Balance at June 30, 2022</u>	<u>Unrealized Gain (Loss)</u>	<u>Increase in Balance Due to Change in Present Value</u>	<u>Distributions</u>	<u>Balance at June 30, 2023</u>
Funds held in trust by others	\$ 193,555	\$ (7,007)	\$ 13,558	\$ -	\$ 200,106
Funds held in trust by others held for endowment	119,396	4,927	1,378		125,701
	<u>\$ 312,951</u>	<u>\$ (2,080)</u>	<u>\$ 14,936</u>	<u>\$ -</u>	<u>\$ 325,807</u>

**FULCRUM FOUNDATION**

**Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022**

**Note 4 - Continued**

	Balance at June 30, 2021	Unrealized Loss	Increase in Balance Due to Change in Present Value	Distributions	Balance at June 30, 2022
Funds held in trust by others	\$ 237,728	\$ (91,415)	\$ 47,242	\$ -	\$ 193,555
Funds held in trust by others held for endowment	144,583	(38,167)	12,980		119,396
	<u>\$ 382,311</u>	<u>\$ (129,582)</u>	<u>\$ 60,222</u>	<u>\$ -</u>	<u>\$ 312,951</u>

Changes to the present value of amount payable to beneficiaries were the result of the following:

	Balance at June 30, 2022	Payments	Increase in Payable Due to Increase in Discount Period	Balance at June 30, 2023
Payable to beneficiaries	\$ 373,948	\$ (50,000)	\$ 36,115	\$ 360,063
Less current portion	(50,000)			(50,000)
<b>Noncurrent Portion</b>	<u>\$ 323,948</u>	<u>\$ (50,000)</u>	<u>\$ 36,115</u>	<u>\$ 310,063</u>

	Balance at June 30, 2021	Payments	Increase in Payable Due to Increase in Discount Period	Balance at June 30, 2022
Payable to beneficiaries	\$ 387,426	\$ (50,000)	\$ 36,522	\$ 373,948
Less current portion	(50,000)			(50,000)
<b>Noncurrent Portion</b>	<u>\$ 337,426</u>	<u>\$ (50,000)</u>	<u>\$ 36,522</u>	<u>\$ 323,948</u>

Amortization of the related discount and revaluation of expected cash flows are recognized as changes in the value of split-interest agreements in the year in which they occur.

## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2023 and 2022

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#### Note 5 - Related-Party Transactions

During the years ended June 30, 2023 and 2022, the Foundation received contributions of \$7,600 and \$12,500, respectively, from the Archdiocese.

During the year ended June 30, 2023 and 2022, the Foundation awarded grants of \$476,626 and \$417,626, respectively, to the Archdiocese for the purpose of furthering the Office of Catholic Schools efforts in enhancing Catholic education. The Foundation had grants payable as of June 30, 2023 and 2022, in the amounts of \$93,351 and \$82,701, respectively.

The Foundation had amounts due to the Archdiocese for allocated administrative charges amounting to \$14,525 and \$13,790 at June 30, 2023 and 2022, respectively. The Foundation had amounts due from the Archdiocese for cash receipts amounting to \$0 and \$32,013 at June 30, 2023 and 2022, respectively.

The Foundation paid the Archdiocese \$53,503 and \$48,828 for administrative services during the years ended June 30, 2023 and 2022, respectively.

The Foundation's office space is rented from the Archdiocese. Rent expense was \$53,868 and \$49,379 for the years ended June 30, 2023 and 2022.

Undiscounted contributions receivable from Board members amounted to \$11,500 and \$565,800 at June 30, 2023 and 2022, respectively. Revenue recognized from Board member contributions amounted to \$144,151 and \$195,756 for the years ended June 30, 2023 and 2022, respectively. Cash received related to these contributions totaled \$651,730 and \$194,885 for the years ended June 30, 2023 and 2022, respectively.

#### Note 6 - Contributions Receivable

Unconditional promises to give are as follows at June 30:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 3,104,663	\$ 3,719,509
Receivable in one to five years	1,025,500	2,287,600
Thereafter		100,000
	4,130,163	6,107,109
Less allowance for doubtful contributions	(121,184)	(54,019)
Less discount at rates from 2.60% to 5.32%	(62,897)	(132,219)
<b>Net Unconditional Promises to Give</b>	<b><u>\$ 3,946,082</u></b>	<b><u>\$ 5,920,871</u></b>



## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2023 and 2022

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#### Note 6 - Continued

Receivables restricted for endowment that are expected to be collected in the next year are considered to be noncurrent assets. Contributions receivable are recorded in the statements of financial position at June 30 as follows:

	<u>2023</u>	<u>2022</u>
Current	\$ 2,966,143	\$ 3,645,490
Long-term	942,882	2,219,291
Restricted for endowment	<u>37,057</u>	<u>56,090</u>
<b>Net Unconditional Promises to Give</b>	<b><u><u>\$ 3,946,082</u></u></b>	<b><u><u>\$ 5,920,871</u></u></b>

#### Note 7 - Net Assets

Net assets without donor restrictions consist of undesignated amounts and amounts designated for specific purposes. Net assets without donor restrictions consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Undesignated	\$ 3,724,173	\$ 2,079,365
Designated primarily for tuition assistance grants, school partnership grants and operations	84,001	1,866,540
Designated for endowment	<u>4,417,274</u>	<u>4,379,099</u>
	<b><u><u>\$ 8,225,448</u></u></b>	<b><u><u>\$ 8,325,004</u></u></b>

## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2023 and 2022

#### Note 7 - Continued

Net Assets With Donor Restrictions - Net assets with donor restrictions consist of unexpended contributions restricted in perpetuity, or for particular purposes or time periods. Net assets with perpetual donor restrictions consist of contributions (e.g., endowments), the principal of which is restricted in perpetuity and the income, including all endowment investment returns, which is utilized for the purpose specified by the donor. Net assets with donor restrictions consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Net assets with perpetual donor restrictions-		
Endowment funds with earnings restricted for:		
Tuition assistance	\$ 15,574,784	\$ 15,512,953
School partnership grants	12,883,742	12,058,303
Pierce County schools	3,935,596	3,922,596
General operations	<u>11,425,842</u>	<u>11,425,841</u>
	43,819,964	42,919,693
Funds held in trust by others, restricted for endowment, earnings to be used for tuition assistance	125,701	119,396
Contributions receivable for endowment with earnings restricted for-		
Tuition assistance	37,057	54,590
School partnership grants		<u>1,500</u>
	<u>37,057</u>	<u>56,090</u>
	43,982,722	43,095,179
Net assets with donor restrictions for purpose-		
Tuition assistance	13,306,222	12,726,142
School partnership grants	4,973,395	5,874,662
Pierce County schools	2,503,624	2,409,630
Leadership grants	728,000	845,623
General operations	<u>(610,255)</u>	<u>(1,496,654)</u>
	20,900,986	20,359,403
Net assets with donor restrictions for time	<u>515,299</u>	<u>1,361,600</u>
<b>Total Net Assets With Donor Restrictions</b>	<b><u>\$ 65,399,007</u></b>	<b><u>\$ 64,816,182</u></b>

Net assets with donor restrictions for tuition assistance include \$11,251,620 and \$10,809,351 of endowment earnings and \$1,390,499 and \$1,481,321 of time restrictions for the years ended June 30, 2023 and 2022, respectively.

## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2023 and 2022

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#### Note 7 - Continued

Net assets with donor restrictions for school partnership grants include \$1,410,382 and \$704,939 of endowment earnings and \$2,801,775 and \$3,698,738 of time restrictions for the years ended June 30, 2023 and 2022, respectively.

Net assets with donor restrictions for Pierce County schools include \$2,496,046 and \$2,409,052 of endowment earnings for the years ended June 30, 2023 and 2022, respectively, and \$6,667 of time restrictions for the years ended June 30, 2023 and 2022. Net assets with donor restrictions for leadership grants include \$135,021 and \$185,175 of time restrictions for the years ended June 30, 2023 and 2022, respectively.

#### Note 8 - Endowment

The Foundation's endowment consists of 25 and 26 individual funds, for the years ending June 30, 2023 and 2022 respectively, established for a variety of purposes and includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments (quasi-endowments). As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law** - The Board of Trustees of the Foundation has interpreted the State of Washington Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with perpetual donor restrictions (a) the original value of gifts donated to the donor-restricted endowment, plus (b) the original value of subsequent gifts to the donor-restricted endowment and accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with perpetual donor restrictions is classified as net assets with donor restrictions for purpose, including all returns on the endowment investments, until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the endowment fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation or deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

**FULCRUM FOUNDATION**

**Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022**

**Note 8 - Continued**

Endowment net assets, which include cash of \$10,100 and \$29,600 at June 30, 2023 and 2022, respectively, consist of the following:

	2023			
	Without Donor Restrictions	With Donor Restrictions for Purpose	With Perpetual Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 14,548,418	\$ 43,819,964	\$ 58,368,382
Board-designated quasi-endowment funds	4,417,274			4,417,274
<b>Total Endowment Funds</b>	<b>\$ 4,417,274</b>	<b>\$ 14,548,418</b>	<b>\$ 43,819,964</b>	<b>\$ 62,785,656</b>

  

	2022			
	Without Donor Restrictions	With Donor Restrictions for Purpose	With Perpetual Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 12,426,686	\$ 42,919,693	\$ 55,346,379
Board-designated quasi-endowment funds	4,379,099			4,379,099
<b>Total Endowment Funds</b>	<b>\$ 4,379,099</b>	<b>\$ 12,426,686</b>	<b>\$ 42,919,693</b>	<b>\$ 59,725,478</b>

**FULCRUM FOUNDATION**

**Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022**

**Note 8 - Continued**

Changes in endowment net assets are as follows:

	2023			
	Without Donor Restrictions	With Donor Restrictions for Purpose	With Perpetual Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 4,379,099	\$ 12,426,686	\$ 42,919,693	\$ 59,725,478
Investment return-				
Investment income	84,464	1,074,129		1,158,593
Net appreciation (realized and unrealized)	219,878	2,942,442		3,162,320
Total investment return	304,342	4,016,571		4,320,913
Contributions			1,235,188	1,235,188
Distributions to operations	(266,167)	(1,894,839)	(334,917)	(2,495,923)
<b>Endowment Net Assets, End of Year</b>	<b><u>\$ 4,417,274</u></b>	<b><u>\$ 14,548,418</u></b>	<b><u>\$ 43,819,964</u></b>	<b><u>\$ 62,785,656</u></b>

## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2023 and 2022

#### Note 8 - Continued

	2022			Total
	Without Donor Restrictions	With Donor Restrictions for Purpose	With Perpetual Donor Restrictions	
Endowment net assets, beginning of year	\$ 4,947,367	\$ 19,723,279	\$ 26,752,527	\$ 51,423,173
Investment return-				
Investment income	117,352	1,411,186		1,528,538
Net depreciation (realized and unrealized)	<u>(482,191)</u>	<u>(6,637,494)</u>		<u>(7,119,685)</u>
Total investment return	<u>(364,839)</u>	<u>(5,226,308)</u>		<u>(5,591,147)</u>
Contributions			16,167,166	16,167,166
Distributions to operations	<u>(203,429)</u>	<u>(2,070,285)</u>		<u>(2,273,714)</u>
<b>Endowment Net Assets, End of Year</b>	<b><u>\$ 4,379,099</u></b>	<b><u>\$ 12,426,686</u></b>	<b><u>\$ 42,919,693</u></b>	<b><u>\$ 59,725,478</u></b>

**Return Objectives and Risk Parameters** - The 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 the Foundation must hold in perpetuity or for a donor-specified period, as well as quasi-endowment funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested with the objective of yielding returns that will permit for adequate growth in principal, to provide the same benefit for future generations adjusted for inflation with an acceptable level of risk and asset selections that are consistent with Catholic values. Inflation for this purpose is presently estimated to be 2.5% annually. Allocations of endowment investments will change over time as circumstances, investment performance, economic, and other conditions change.

**Strategies Employed for Achieving Objectives** - To satisfy its long-term rate-of-return objectives, the 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). The 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.

## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2023 and 2022

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#### Note 8 - Continued

**Spending Policy and How the Investment Objectives Relate to the Spending Policy** - The Foundation has a policy of appropriating for distribution each year an amount based on a Hybrid Method that the Foundation believes will reduce the volatility of annual spending provided to the Foundation for its operational needs. The Hybrid Method uses 70% of the Foundation's prior year spending and increases it by 2.5%. That amount is then added to 30% of the ending market value of the portfolio times 4.25% to calculate the total current year's spending amount. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity for a specified term, as well as to provide additional real growth through new gifts and investment return. Investment returns depend on many factors and there can be no assurance that the planned returns will be achieved. For the year ended June 30, 2023 and 2022, distributions of \$2,495,926 and \$2,273,714, respectively, were made available for Foundation operations.

**Funds With Deficiencies** - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in net assets with donor restrictions. At June 30, 2023, three funds with an original gift value of \$17,223,113, fair value of \$16,023,340, and a deficiency of \$1,199,773 were reported in net assets with donor restrictions. At June 30, 2022, four funds with an original gift value of \$17,831,730, fair value of \$15,250,519, and a deficiency of \$2,581,211 were reported in net assets with donor restrictions. The Foundation may temporarily reduce spending from these donor-restricted endowment funds until the deficit is recovered.