



# Fulcrum Foundation

Financial Statements  
Years Ended June 30, 2022 and 2021

**Fulcrum Foundation**

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Financial Statements  
Years Ended June 30, 2022 and 2021

# Fulcrum Foundation

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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 statements of financial position as of June 30, 2022 and 2021, and 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 accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022 and 2021, and the results of its operations 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 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 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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or 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



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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.

*BDO USA, LLP*

November 7, 2022

## Financial Statements

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# Fulcrum Foundation

## Statements of Financial Position

	2022		2021		
	Non-Custodial	Custodial	Non-Custodial	Custodial	Total
<b>Assets</b>					
<b>Current Assets</b>					
Cash	\$ 2,645,757	\$ -	\$ 1,151,996	\$ -	\$ 1,151,996
Foundation investments	8,687,057	-	8,070,631	-	8,070,631
Current portion of contributions receivable	3,645,490	-	2,536,030	-	2,536,030
Other receivables	68,518	-	4,000	-	4,000
Current assets before custodial assets	15,046,822	-	11,762,657	-	11,762,657
Cash held for other custodial purposes	-	42,938	-	62,370	62,370
Custodial investments held for Catholic Schools	-	60,641,013	-	70,567,254	70,567,254
Total custodial assets	-	60,683,951	-	70,629,624	70,629,624
<b>Total Current Assets</b>	15,046,822	60,683,951	11,762,657	70,629,624	82,392,281
Contributions receivable, net of current portion	2,219,291	-	1,744,747	-	1,744,747
Contributions receivable for endowment	56,090	-	69,423	-	69,423
Foundation investments held for endowment	59,725,478	-	51,423,174	-	51,423,174
Funds held in trust by others	312,951	-	382,311	-	382,311
Irrevocable trust investments	1,045,880	-	1,272,403	-	1,272,403
Other assets	48,833	-	43,935	-	43,935
<b>Total Assets</b>	\$ 78,455,345	\$ 60,683,951	\$ 66,698,650	\$ 70,629,624	\$ 137,328,274
<b>Liabilities and Net Assets</b>					
<b>Current Liabilities</b>					
Accounts payable and accrued expenses	\$ 244,664	\$ -	\$ 185,942	\$ -	\$ 185,942
Current portion of payable to beneficiaries	50,000	-	50,000	-	50,000
Program grants payable	4,695,547	-	4,575,414	-	4,575,414
Total current liabilities before custodial liabilities	4,990,211	-	4,811,356	-	4,811,356
Custodial liabilities	-	60,683,951	-	70,629,624	70,629,624
<b>Total Current Liabilities</b>	4,990,211	60,683,951	4,811,356	70,629,624	75,440,980
Payable to beneficiaries, net of current portion	323,948	-	337,426	-	337,426
<b>Total Liabilities</b>	5,314,159	60,683,951	5,148,782	70,629,624	75,778,406
<b>Net Assets</b>					
Without donor restrictions	8,325,004	-	7,167,375	-	7,167,375
With donor restrictions	64,816,182	-	54,382,493	-	54,382,493
<b>Total Net Assets</b>	73,141,186	-	61,549,868	-	61,549,868
<b>Total Liabilities and Net Assets</b>	\$ 78,455,345	\$ 60,683,951	\$ 66,698,650	\$ 70,629,624	\$ 137,328,274

See accompanying notes to financial statements.

# Fulcrum Foundation

## Statements of Activities

Year Ended June 30,	2022		2021	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
	Total	Total	Total	Total
<b>Revenue and Other Support</b>				
Contributions and bequests	\$ 615,437	\$ 1,023,970	\$ 476,558	\$ 862,764
Special event revenue - Celebration of Light	2,533,328	200,750	2,094,130	251,362
Special event expenses - Celebration of Light	(552,483)	-	(443,246)	-
Net assets released from restrictions	5,757,028	(5,757,028)	7,957,185	(7,957,185)
<b>Total Operating Revenue and Other Support</b>	<b>8,353,310</b>	<b>(4,532,308)</b>	<b>10,084,627</b>	<b>(6,843,059)</b>
<b>Expenses</b>				
Program services				
Tuition assistance, school support, and leadership	6,980,944	-	10,534,302	-
Supporting services				
General and administrative	916,320	-	767,010	-
Fundraising	420,110	-	401,995	-
<b>Total Functional Expenses</b>	<b>8,317,374</b>	<b>-</b>	<b>11,703,307</b>	<b>-</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>				
Gains (losses) on endowments and investments	35,936	(4,532,308)	(1,618,680)	(6,843,059)
Change in value of irrevocable split-interest agreements	(784,630)	(5,242,880)	1,387,101	11,226,208
Capital campaign contributions and bequests	-	(282,405)	-	331,300
Less: Capital campaign expenditures	2,365,170	20,491,282	379,561	5,968,361
Gain on PPP loan forgiveness	(458,847)	-	(443,246)	-
	-	-	167,947	-
<b>Total Change in Net Assets</b>	<b>1,157,629</b>	<b>10,433,689</b>	<b>(127,317)</b>	<b>10,682,810</b>
<b>Net Assets, beginning of year</b>	<b>7,167,375</b>	<b>54,382,493</b>	<b>7,294,692</b>	<b>43,699,683</b>
<b>Net Assets, end of year</b>	<b>\$ 8,325,004</b>	<b>\$ 64,816,182</b>	<b>\$ 7,167,375</b>	<b>\$ 54,382,493</b>

See accompanying notes to financial statements.



# Fulcrum Foundation

## Statements of Functional Expenses

Year Ended June 30,	2022			2021				
	Tuition Assistance, School Support, and Leadership	General Administrative	Fundraising	Total	Tuition Assistance, School Support, and Leadership	General Administrative and	Fundraising	Total
School partnership grants	\$ 4,147,952	\$ -	\$ -	\$ 4,147,952	\$ 2,479,403	\$ -	\$ -	\$ 2,479,403
Tuition assistance	2,337,467	-	-	2,337,467	3,019,227	-	-	3,019,227
Leadership program	134,671	-	-	134,671	90,519	-	-	90,519
COVID relief grants to schools	-	-	-	-	4,644,856	-	-	4,644,856
<b>Total Program Grants</b>	<b>6,620,090</b>	<b>-</b>	<b>-</b>	<b>6,620,090</b>	<b>10,234,005</b>	<b>-</b>	<b>-</b>	<b>10,234,005</b>
Total salaries and related expenses	331,481	438,863	785,537	1,555,881	261,564	376,770	751,166	1,389,500
Professional and contract services	11,260	186,994	23,790	222,044	28,990	190,990	75,154	295,134
Catering, conferences, and meetings	10,360	56,476	427,875	494,711	798	13,092	20,087	33,977
Printing and publications	145	109,301	117,880	227,326	1,542	31,400	123,092	156,034
Supplies	5,447	30,159	39,882	75,488	7,028	16,966	14,719	38,713
Rent	-	24,690	24,690	49,380	-	22,445	22,445	44,890
Bad debt expense	-	15,248	-	15,248	-	76,596	-	76,596
Other	2,161	54,589	11,786	68,536	375	38,751	9,595	48,721
<b>Total Expenses</b>	<b>6,980,944</b>	<b>916,320</b>	<b>1,431,440</b>	<b>9,328,704</b>	<b>10,534,302</b>	<b>767,010</b>	<b>1,016,258</b>	<b>12,317,570</b>
Less: Celebration of Light expenses	-	-	(552,483)	(552,483)	-	-	(171,017)	(171,017)
Less: Capital Campaign expenditures	-	-	(458,847)	(458,847)	-	-	(443,246)	(443,246)
<b>Total Functional Expenses</b>	<b>\$ 6,980,944</b>	<b>\$ 916,320</b>	<b>\$ 420,110</b>	<b>\$ 8,317,374</b>	<b>\$ 10,534,302</b>	<b>\$ 767,010</b>	<b>\$ 401,995</b>	<b>\$ 11,703,307</b>

See accompanying notes to financial statements.

**Fulcrum Foundation**  
**Statements of Cash Flows**

<i>Year Ended June 30,</i>	<b>2022</b>	<b>2021</b>
<b>Cash Flows Provided by (Used in) Operating Activities</b>		
Cash received from donors	\$ 9,427,582	\$ 7,943,168
Interest and dividends received	445,757	1,329,452
Cash paid for tuition assistance, school, and leadership grants	(6,499,957)	(9,589,714)
Cash paid to suppliers	(1,186,893)	(669,380)
Cash paid to employees and related costs	(1,467,897)	(1,360,224)
<b>Net Cash Flows Provided by (Used in) Operating Activities</b>	<b>718,592</b>	<b>(2,346,698)</b>
<b>Cash Flows Used in Investing Activities</b>		
Purchase of investments	(24,569,238)	(33,120,551)
Proceeds from sales of investments	9,177,241	30,696,208
<b>Net Cash Flows Used in Investing Activities</b>	<b>(15,391,997)</b>	<b>(2,424,343)</b>
<b>Cash Flows Provided by Financing Activities</b>		
Custodial liability receipts	1,769,152	1,761,665
Custodial liability payments	(1,788,584)	(1,682,739)
Contributions restricted for endowments	16,167,166	1,750,786
<b>Net Cash Flows Provided by Financing Activities</b>	<b>16,147,734</b>	<b>1,829,712</b>
<b>Net Change in Cash</b>	<b>1,474,329</b>	<b>(2,941,329)</b>
Cash, beginning of year	1,214,366	4,155,695
Cash, end of year	\$ 2,688,695	\$ 1,214,366
<b>Cash and Cash Equivalents are Presented on the Statements of Financial Position as Follows:</b>		
Cash	\$ 2,645,757	\$ 1,151,996
Cash held for other custodial purposes	42,938	62,370
	<b>\$ 2,688,695</b>	<b>\$ 1,214,366</b>

**Fulcrum Foundation**  
**Statements of Cash Flows**

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<i>Year Ended June 30,</i>	<b>2022</b>	<b>2021</b>
<b>Reconciliation of Change in Net Assets to</b>		
<b>Cash Flows Provided by (Used in) Operating Activities</b>		
Change in net assets	\$ 11,591,318	\$ 10,555,493
Adjustments to reconcile change in net assets to net cash flows provided by (used in) by operating activities:		
Change in irrevocable split-interest agreements	282,405	(331,300)
Investment (gains) losses	6,473,267	(11,283,857)
Contributions restricted for endowments	(16,153,833)	543,216
Provision for doubtful contributions	13,188	20,669
Forgiveness of Paycheck Protection Program Loan	-	(167,947)
Changes in operating assets		
Contributions receivable	(1,597,192)	(2,379,377)
Other receivables	(64,518)	(1,847)
Other assets	(4,898)	5,972
Changes in operating liabilities		
Accounts payable and accrued expenses	58,722	47,989
Program grants payable	120,133	644,291
<b>Net Cash Flows Provided by (Used in) Operating Activities</b>	<b>\$ 718,592</b>	<b>\$ (2,346,698)</b>

*See accompanying notes to financial statements.*

# Fulcrum Foundation

## Notes to Financial Statements

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### 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.

#### *Income Taxes*

The Foundation is an independent Section 501(c)(3) member corporation and is exempt from federal income taxes.

#### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 amount of funds held in trust by others, and the payable to beneficiaries are significant estimates, and it is reasonably possible that the estimates will change in the near term, which would affect future financial statements.

#### *Financial Statement Presentation*

The Foundation reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

#### *Revenue Recognition*

Contributions and bequests received are recorded depending on the existence and/or nature of any donor restrictions. Restricted contributions and bequests are then reclassified to net assets without donor restrictions when the restrictions are met.

Contribution revenues are recognized when the pledge is made.

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.

**Fulcrum Foundation**  
**Notes to Financial Statements**

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

	<b>2022</b>	<b>2021</b>
Contributions	\$ 1,561,678	\$ 1,185,606
Change in discount	77,617	204,204
Change in allowance for doubtful contributions	112	(50,488)
	\$ 1,639,407	\$ 1,339,322

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

	<b>2022</b>	<b>2021</b>
Celebration of Light revenue	\$ 2,737,565	\$ 2,080,073
Celebration of Light expenses	(552,483)	(171,017)
Change in allowance for doubtful accounts	(3,487)	(6,810)
	\$ 2,181,595	\$ 1,902,246

***Capital Campaign Contributions***

A multi-year capital campaign, called Uplift, is ongoing to raise funds for tuition assistance, direct support to Catholic schools, and for the development of transformational Catholic school leaders.

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

	<b>2022</b>	<b>2021</b>
Capital Campaign contributions	\$ 22,881,275	\$ 6,274,050
Change in discount	(15,010)	37,243
Change in allowance for doubtful contributions	(9,813)	36,629
	\$ 22,856,452	\$ 6,347,922

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

**Fulcrum Foundation**  
**Notes to Financial Statements**

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***Net Assets without Donor Restrictions***

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:

	2022	2021
Undesignated	\$ 2,079,365	\$ 1,069,956
Designated primarily for tuition assistance grants, school partnership grants, and operations	1,866,540	1,150,052
Designated for endowment	4,379,099	4,947,367
	<b>\$ 8,325,004</b>	<b>\$ 7,167,375</b>

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**Fulcrum Foundation**  
**Notes to Financial Statements**

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***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:

	<b>2022</b>	<b>2021</b>
<b>Net Assets with Perpetual Donor Restrictions</b>		
Endowment funds with earnings restricted for		
Tuition assistance	\$ 15,512,953	\$ 15,374,539
School partnership grants	12,058,303	5,568,335
Pierce County schools	3,922,596	3,884,019
General operations	11,425,841	1,925,634
	<b>42,919,693</b>	<b>26,752,527</b>
Funds held in trust by others, restricted for endowment, earnings to be used for tuition assistance	<b>119,396</b>	<b>144,584</b>
Contributions receivable for endowment with earnings restricted for:		
Tuition assistance	54,590	8,000
School partnership grants	1,500	23,923
Pierce County schools	-	37,500
	<b>56,090</b>	<b>69,423</b>
	<b>43,095,179</b>	<b>26,966,534</b>
<b>Net Assets with Donor Restrictions for Purpose</b>		
Tuition assistance	12,726,142	15,775,585
School partnership grants	5,874,662	6,000,679
Pierce County schools	2,409,630	3,088,571
Leadership grants	845,623	847,077
General operations	(1,496,654)	316,284
	<b>20,359,403</b>	<b>26,028,196</b>
<b>Net Assets with Donor Restrictions for Time</b>	<b>1,361,600</b>	<b>1,387,763</b>
	<b>\$ 64,816,182</b>	<b>\$ 54,382,493</b>

Net assets with donor restrictions for tuition assistance include \$10,809,351 and \$13,679,093 of endowment earnings and \$1,481,321 and \$1,792,261 of time restrictions for the years ended June 30, 2022 and 2021, respectively.

# Fulcrum Foundation

## Notes to Financial Statements

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Net assets with donor restrictions for school partnership grants include \$704,939 and \$2,656,582 of endowment earnings and \$3,698,738 and \$2,176,846 of time restrictions for the years ended June 30, 2022 and 2021, respectively.

Net assets with donor restrictions for Pierce County schools include \$2,409,052 and \$3,071,320 of endowment earnings for the years ended June 30, 2022 and 2021, respectively, and \$3,333 of time restrictions for both the years ended June 30, 2022 and 2021.

Net assets with donor restrictions for leadership grants include \$185,175 and \$104,709 of time restrictions for the years ended June 30, 2022 and 2021, respectively.

### ***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.

### ***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 investments. At times, the Foundation has deposits in excess of insured limits.

### ***Investments, Irrevocable Trust Investments, and Investment Income Recognition***

The Foundation's investments and irrevocable trust investments consist of publicly traded mutual funds, non-publicly traded mutual funds and funds of funds, and private equity funds.

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).



# Fulcrum Foundation

## Notes to Financial Statements

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Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value as follows:

**Level 1:** Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;

**Level 2:** Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

**Level 3:** Situations where there is little or no market data, which require the reporting entity to develop its own assumptions.

The classification of an asset's or liability's measurement within the fair value hierarchy is based on the lowest level of any input that is significant to that fair value measurement.

The following is a description of the valuation methodologies used for investments, including a general description of the Foundation's investments. The tables in Notes 3 and 4 present the Foundation's investment composition as of June 30, 2022 and 2021.

### ***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.

- **Hedge Funds:** Hedge funds seek to provide diversification relative to traditional stocks and bonds. They seek to outperform fixed income with less downside risk and volatility than equities.
- **Private Equity:** Private equity seeks to generate a higher return than public equity with comparable levels of risk but less liquidity. Private equity includes investments in buyouts, venture capital, and special situations.
- **Real Assets:** Real assets include investments in private real estate and private natural resources and infrastructure. Real assets seek to generate returns comparable to stocks while providing inflation protection. They can be both liquid and illiquid.

**Hedge Funds of Funds (Funds)** - These investments (see Note 3) are reported at net asset value (NAV) provided by the administrators of the funds, which is a practical expedient to fair value. 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. There are no unfunded commitments. Investments held for Catholic schools do not include any hedge funds of funds.

# Fulcrum Foundation

## Notes to Financial Statements

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**Private Equity, Private Real Estate, 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.

### ***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.

### ***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 \$63,172 and \$60,510 were charged to these accounts for administrative services provided by the Archdiocese for the years ended June 30, 2022 and 2021, 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 losses allocated to custodial accounts for the year ended June 30, 2022, totaled \$10,256,560. Total investment gains allocated to custodial accounts for the year ended June 30, 2021, totaled \$15,701,114.

### ***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 (which approximates fair 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

# Fulcrum Foundation

## Notes to Financial Statements

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, discount rates are estimated based on the underlying asset mix and estimated maturity of the gifts. These agreements are Level 3 inputs in the fair value hierarchy.

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

	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)	\$ 47,241	\$ -	\$ 193,554
Funds held in trust by others held for endowment	144,583	(38,167)	12,981	-	119,397
<b>Total</b>	<b>\$ 382,311</b>	<b>\$ (129,582)</b>	<b>\$ 60,222</b>	<b>\$ -</b>	<b>\$ 312,951</b>

	Balance at June 30, 2020	Unrealized Gain	Decrease in Balance Due to Change in Present Value	Distributions	Balance at June 30, 2021
Funds held in trust by others	\$ 195,117	\$ 77,087	\$ (34,476)	\$ -	\$ 237,728
Funds held in trust by others held for endowment	112,624	40,891	(8,932)	-	144,583
<b>Total</b>	<b>\$ 307,741</b>	<b>\$ 117,978</b>	<b>\$ (43,408)</b>	<b>\$ -</b>	<b>\$ 382,311</b>

**Fulcrum Foundation**  
**Notes to Financial Statements**

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

	Balance at June 30, 2021	Payments	Increase in Payable Due to Decrease 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>	<b>\$ 337,426</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 323,948</b>

	Balance at June 30, 2020	Payments	Increase in Payable Due to Decrease in Discount Period	Balance at June 30, 2021
Payable to beneficiaries	\$ 400,508	\$ (50,000)	\$ 36,918	\$ 387,426
Less: Current portion	(50,000)	-	-	(50,000)
<b>Noncurrent Portion</b>	<b>\$ 350,508</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 337,426</b>

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.

***Concentration***

At June 30, 2022, 66% of undiscounted contributions receivable were due from three donors. At June 30, 2021, 77% of undiscounted contributions receivable were due from four donors.

Revenue from three donors represented 72% of undiscounted contributions for the year ended June 30, 2022. Revenue from two donors represented 39% of undiscounted contributions for the year ended June 30, 2021.

***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 November 8, 2022.

**Fulcrum Foundation**  
**Notes to Financial Statements**

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**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, 2022 and 2021.

A summary of the Foundation's financial assets available for general expenditures within one year as of June 30, 2022 and 2021, is as follows:

	<b>2022</b>	<b>2021</b>
Cash	\$ 2,645,757	\$ 1,151,996
Foundation investments	8,687,057	8,070,631
Current portion of contributions receivable	3,645,490	2,536,030
Other receivables	68,518	4,000
<b>Financial Assets Available for General Expenditures</b>	<b>15,046,822</b>	<b>11,762,657</b>
Less: Restricted gifts not available within one year	(35,275)	(35,405)
<b>Financial Assets Available to Meet General Expenditures Within One Year</b>	<b>\$ 15,011,547</b>	<b>\$ 11,727,252</b>

The Foundation board-designated endowment funds of \$4,379,100 as of June 30, 2022, are subject to an annual spending rate as described in Note 7. 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.

The Foundation held \$60,683,951 and \$70,629,624 in cash and investments on behalf of the Archdiocesan schools as of June 30, 2022 and 2021, respectively. These amounts are held as custodial amounts and are not available for general expenditures of the Foundation.

**Fulcrum Foundation**  
**Notes to Financial Statements**

**3. Investments**

Current Foundation investments consist of the following at June 30:

	2022	2021
<b>Money Market Funds</b>	<b>\$ 1,975,220</b>	<b>\$ 1,749,850</b>
<b>Mutual Funds - Publicly Traded</b>		
Fixed income		
Intermediate-term bond funds	2,826,665	2,708,885
Short-term bond funds	1,081,305	987,448
Inflation-protected bond funds	713,012	709,377
International bond fund	289,711	343,587
Absolute return		
Absolute return funds	699,749	673,033
<b>Total Mutual Funds - Publicly Traded</b>	<b>5,610,442</b>	<b>5,422,330</b>
<b>Funds Subject to Distribution in Upcoming Year</b>	<b>1,101,395</b>	<b>898,451</b>
<b>Total Current Foundation Investments</b>	<b>\$ 8,687,057</b>	<b>\$ 8,070,631</b>

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

<i>June 30, 2022</i>	Fair Value Measurements			Fair Value Total
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
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>	<b>7,585,662</b>
<b>Funds Subject to Distribution in Upcoming Year</b>				<b>1,101,395</b>
<b>Total Investments, at fair value</b>				<b>\$ 8,687,057</b>

**Fulcrum Foundation**  
**Notes to Financial Statements**

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<i>June 30, 2021</i>	Fair Value Measurements			Fair Value Total
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Money market	\$ 1,749,850	\$ -	\$ -	\$ 1,749,850
Mutual funds	5,422,330	-	-	5,422,330
<b>Total Investments, in the fair value hierarchy</b>	<b>\$ 1,749,850</b>	<b>\$ -</b>	<b>\$ -</b>	<b>7,172,180</b>
<b>Funds Subject to Distribution in Upcoming Year</b>				<b>898,451</b>
<b>Total Investments, at fair value</b>				<b>\$ 8,070,631</b>

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**Fulcrum Foundation**  
**Notes to Financial Statements**

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

	2022	2021
<b>Cash</b>	<b>\$ 29,600</b>	<b>\$ 85,405</b>
<b>Money Market Funds</b>	<b>98,171</b>	<b>65,513</b>
<b>U.S. Large Cap Common Stock</b>	<b>12,915,515</b>	<b>11,442,430</b>
<b>International Common Stock</b>	<b>8,023,476</b>	<b>6,803,088</b>
<b>Mutual Funds - Publicly Traded</b>		
Fixed income		
Intermediate-term bond funds	8,268,635	7,923,115
Emerging market bond fund	1,201,980	998,599
Short-term bond funds	1,398,883	988,139
Equity		
Emerging market funds	3,769,987	3,452,796
U.S. equity funds	3,364,209	2,840,869
Developed international small cap fund	1,716,117	1,506,582
Infrastructure	1,405,907	-
Real estate		
Real estate funds	1,737,566	1,574,877
<b>Total Mutual Funds - Publicly Traded</b>	<b>22,863,284</b>	<b>19,284,977</b>
<b>Alternative Investments</b>		
Hedge funds of funds	6,218,219	4,666,008
Private equity	8,810,312	7,833,967
Private real estate	-	725,827
Private natural resources	1,868,296	1,414,410
<b>Total Alternative Investments</b>	<b>16,896,827</b>	<b>14,640,212</b>
<b>Funds Pending Distribution</b>	<b>(1,101,395)</b>	<b>(898,451)</b>
<b>Total Foundation Investments Held for Endowment</b>	<b>\$ 59,725,478</b>	<b>\$ 51,423,174</b>



# Fulcrum Foundation

## Notes to Financial Statements

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

<i>June 30, 2022</i>	Fair Value Measurements			Fair Value Total
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
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>	<b>43,930,046</b>
<b>Alternative Investment Funds, at net asset value*</b>				<b>16,896,827</b>
<b>Funds Pending Distribution</b>				<b>(1,101,395)</b>
<b>Total Investments, at fair value</b>				<b>\$ 59,725,478</b>

<i>June 30, 2021</i>	Fair Value Measurements			Fair Value Total
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Cash	\$ 85,405	\$ -	\$ -	\$ 85,405
Money market	65,513	-	-	65,513
Common stock	18,245,518	-	-	18,245,518
Mutual funds	19,284,977	-	-	19,284,977
<b>Total Investments, in the fair value hierarchy</b>	<b>\$ 37,681,413</b>	<b>\$ -</b>	<b>\$ -</b>	<b>37,681,413</b>
<b>Alternative Investment Funds, at net asset value*</b>				<b>14,640,212</b>
<b>Funds Pending Distribution</b>				<b>(898,451)</b>
<b>Total Investments, at fair value</b>				<b>\$ 51,423,174</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**

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

	2022	2021
<b>Money Market Funds</b>	<b>\$ 451,710</b>	<b>\$ 20,874</b>
<b>U.S. Large Cap Common Stock</b>	<b>15,895,616</b>	<b>19,428,645</b>
<b>International Common Stock</b>	<b>10,902,891</b>	<b>13,773,513</b>
<b>Mutual Funds - Publicly Traded</b>		
Fixed income		
Intermediate-term bond funds	10,886,566	12,129,723
Short-term bond funds	2,459,285	2,509,477
Emerging market bond fund	-	916,706
Equity		
Emerging market funds	4,548,833	5,413,923
U.S. equity funds	3,658,524	4,783,415
Developed international small cap fund	1,717,875	2,550,063
Infrastructure	1,431,168	-
Absolute return		
Absolute return funds	6,921,256	6,920,573
Real estate		
Real estate funds	1,767,289	2,120,342
<b>Total Mutual Funds - Publicly Traded</b>	<b>33,390,796</b>	<b>37,344,222</b>
<b>Total Custodial Investments held for Catholic Schools</b>	<b>\$ 60,641,013</b>	<b>\$ 70,567,254</b>

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

<i>June 30, 2022</i>	Fair Value Measurements			Fair Value Total
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
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, at fair value</b>				<b>\$ 60,641,013</b>

**Fulcrum Foundation**  
**Notes to Financial Statements**

<i>June 30, 2021</i>	Fair Value Measurements			Fair Value Total
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Money market	\$ 20,874	\$ -	\$ -	\$ 20,874
Common stock	33,202,158	-	-	33,202,158
Mutual funds	\$ 37,344,222	\$ -	\$ -	37,344,222
<b>Total Investments, at fair value</b>				<b>\$ 70,567,254</b>

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

	June 30, 2022 Balance	Unfunded Commitments	Redemption Frequency	Redemption Notice
Hedge fund of funds	\$ 6,218,219	\$ -	quarterly to triennially	95-180 days
Private equity funds	8,810,312	7,720,852	illiquid (>5 years)	N/A
Private natural resources	1,868,296	441,548	illiquid (>5 years)	N/A
	<b>\$ 16,896,827</b>	<b>\$ 8,162,400</b>		

	June 30, 2021 Balance	Unfunded Commitments	Redemption Frequency	Redemption Notice
Hedge fund of funds	\$ 4,666,008	\$ -	quarterly to triennially	95-180 days
Private equity funds	7,833,967	3,429,478	illiquid (>5 years)	N/A
Private real estate	725,827	-	quarterly	75 days
Private natural resources	1,414,410	498,190	illiquid (>5 years)	N/A
	<b>\$ 14,640,212</b>	<b>\$ 3,927,668</b>		

**Fulcrum Foundation**  
**Notes to Financial Statements**

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#### 4. Irrevocable Trust Investments

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

	2022	2021
<b>Money Market Fund</b>	<b>\$ 3,106</b>	<b>\$ 1,492</b>
<b>Mutual Funds - Publicly Traded</b>		
Fixed income		
Intermediate bond funds	149,955	170,519
Inflation-protected bond fund	34,362	36,183
Short-term bond fund	30,682	35,895
Emerging markets bond fund	31,230	38,250
Equity		
U.S. equity funds	342,603	437,433
International equity funds	198,445	256,561
Emerging markets funds	56,152	88,701
Developed international small cap fund	32,702	51,919
Infrastructure	25,537	-
Absolute return		
Absolute return funds	110,400	120,143
Real estate		
Real estate funds	30,706	35,307
<b>Total Mutual Funds</b>	<b>1,042,774</b>	<b>1,270,911</b>
<b>Total Irrevocable Trust Investments</b>	<b>\$ 1,045,880</b>	<b>\$ 1,272,403</b>

#### 5. Related-Party Transactions

During the years ended June 30, 2022 and 2021, the Foundation received contributions of \$12,500 and \$221,605, respectively, from the Archdiocese. As of June 30, 2022 and 2021, the Foundation has no pledges receivable due from the Archdiocese.

In April 2020, the Foundation partnered with the Archdiocese and Catholic Community Services and Housing Services (CCS/CHS) to raise funds to offset the impact of COVID-19 on our schools, parishes, and other relief work and ministries. Fulcrum was allocated 40% of amounts raised to support schools. For the years ended June 30, 2022 and 2021, Fulcrum received nil and \$2,084,000, respectively, as their share of the funds collected (all joint gifts were received and processed by the Archdiocese and distributed to the other partners). All gifts received by the Foundation from this campaign in the year ended June 30, 2021, were awarded to schools during the fiscal year ended June 30, 2021.

# Fulcrum Foundation

## Notes to Financial Statements

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During the year ended June 30, 2022 and 2021, the Foundation awarded grants of \$417,626 and \$370,882, 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, 2022 and 2021, in the amounts of \$82,701 and \$156,425, respectively.

The Foundation had amounts due to the Archdiocese for allocated administrative charges amounting to \$13,790 and \$12,359 at June 30, 2022 and 2021, respectively. The Foundation had amounts due from the Archdiocese for cash receipts amounting to \$32,013 and nil at June 30, 2022 and 2021, respectively. The Foundation had amounts due to the Archdiocese for grants amounting to \$82,701 and \$156,425 at June 30, 2022 and 2021, respectively.

The Foundation paid the Archdiocese \$48,828 and \$39,490 for administrative services during the years ended June 30, 2022 and 2021, respectively.

The Foundation's office space is rented from the Archdiocese. Rent expense was \$49,379 and \$44,890 for the years ended June 30, 2022 and 2021, respectively.

Undiscounted contributions receivable from Board members amounted to \$565,800 and \$556,328 at June 30, 2022 and 2021, respectively. Revenue recognized from Board member contributions amounted to \$195,756 and \$220,775 for the years ended June 30, 2022 and 2021, respectively. Cash received related to these contributions totaled \$194,885 and \$719,230 for the years ended June 30, 2022 and 2021, respectively.

### 6. Contributions Receivable

Unconditional promises to give are as follows at June 30:

	2022	2021
Receivable in less than one year	\$ 3,719,509	\$ 2,622,361
Receivable in one to five years	2,287,600	1,753,496
Thereafter	100,000	210,000
	<b>6,107,109</b>	<b>4,585,857</b>
Less: Allowance for doubtful contributions	(54,019)	(40,831)
Less: Discount at rates from 2.60% to 4.59%	(132,219)	(194,826)
<b>Net Unconditional Promises to Give</b>	<b>\$ 5,920,871</b>	<b>\$ 4,350,200</b>

# Fulcrum Foundation

## Notes to Financial Statements

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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 as of June 30, 2022 and 2021, as follows:

	2022	2021
Current	\$ 3,645,490	\$ 2,536,030
Long-term	2,219,291	1,744,747
Restricted for endowment	56,090	69,423
<b>Net Unconditional Promises to Give</b>	<b>\$ 5,920,871</b>	<b>\$ 4,350,200</b>

### 7. Endowment

The Foundation's endowment consists of 26 individual funds 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

Endowment net assets, which include cash of \$29,600 and \$85,405 at June 30, 2022 and 2021, respectively, consist of the following:

<i>June 30, 2022</i>	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 Funds</b>	<b>\$ 4,379,099</b>	<b>\$ 12,426,686</b>	<b>\$ 42,919,693</b>	<b>\$ 59,725,478</b>

<i>June 30, 2021</i>	Without Donor Restrictions	With Donor Restrictions for Purpose	With Perpetual Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 19,723,279	\$ 26,752,527	\$ 46,475,806
Board-designated quasi-endowment funds	4,947,367	-	-	4,947,367
<b>Total Funds</b>	<b>\$ 4,947,367</b>	<b>\$ 19,723,279</b>	<b>\$ 26,752,527</b>	<b>\$ 51,423,173</b>

Changes in endowment net assets are as follows:

<i>Year Ended June 30, 2022</i>	Without Donor Restrictions	With Donor Restrictions for Purpose	With Perpetual Donor Restrictions	Total
<b>Endowment Net Assets, beginning of year</b>	<b>\$ 4,947,367</b>	<b>\$ 19,723,279</b>	<b>\$ 26,752,527</b>	<b>\$ 51,423,173</b>
Investment return				
Investment income	117,352	1,411,186	-	1,528,538
Net depreciation (realized and unrealized)	(482,191)	(6,637,494)	-	(7,119,685)
Total investment return	(364,839)	(5,226,308)	-	(5,591,147)
Contributions	-	-	16,167,166	16,167,166
Distributions to operations	(203,429)	(2,070,285)	-	(2,273,714)
<b>Endowment Net Assets, end of year</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**

<i>Year Ended June 30, 2021</i>	Without Donor Restrictions	With Donor Restrictions for Purpose	With Perpetual Donor Restrictions	Total
<b>Endowment Net Assets, beginning of year</b>	\$ 3,851,718	\$ 10,072,948	\$ 25,001,741	\$ 38,926,407
Investment return				
Investment income	116,310	1,067,549	-	1,183,859
Net appreciation (realized and unrealized)	1,168,644	10,138,965	-	11,307,609
Total investment return	1,284,954	11,206,514	-	12,491,468
Contributions	-	-	1,750,786	1,750,786
Distributions to operations	(189,305)	(1,556,183)	-	(1,745,488)
<b>Endowment Net Assets, end of year</b>	<b>\$ 4,947,367</b>	<b>\$ 19,723,279</b>	<b>\$ 26,752,527</b>	<b>\$ 51,423,173</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%. 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.

***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



# Fulcrum Foundation

## Notes to Financial Statements

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the planned returns will be achieved. For the year ended June 30, 2022 and 2021, distributions of \$2,273,714 and \$1,745,488, 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, 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. At June 30, 2021, there were no funds with deficiencies. The Foundation may temporarily reduce spending from these donor-restricted endowment funds until the deficit is recovered.