

**FULCRUM FOUNDATION**

Financial Statements

For the Years Ended June 30, 2024 and 2023

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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, 2024 and 2023, 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, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the 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.

### **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 for one year after the date that the financial statements are available to be issued.



T: 425-454-4919  
T: 800-504-8747  
F: 425-454-4620

10900 NE 4th St  
Suite 1400  
Bellevue WA  
98004

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

## **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  
November 12, 2024

## FULCRUM FOUNDATION

### Statements of Financial Position June 30, 2024 and 2023 (In Thousands)

	2024			2023		
	Non-Custodial	Custodial	Total	Non-Custodial	Custodial	Total
<b>Assets</b>						
<b>Current Assets:</b>						
Cash	\$ 1,763	\$ -	\$ 1,763	\$ 1,844	\$ -	\$ 1,844
Foundation investments	9,047		9,047	9,095		9,095
Current portion of contributions receivable	388		388	2,966		2,966
Other receivables	9		9	22		22
Current assets before custodial assets	11,207		11,207	13,927		13,927
Cash held for other custodial purposes		6	6		6	6
Custodial investments held for Catholic Schools		77,292	77,292		69,156	69,156
Total custodial assets		77,298	77,298		69,162	69,162
<b>Total Current Assets</b>	<b>11,207</b>	<b>77,298</b>	<b>88,505</b>	<b>13,927</b>	<b>69,162</b>	<b>83,089</b>
Contributions receivable, net of current portion	635		635	943		943
Contributions receivable for endowment	1		1	37		37
Foundation investments held for endowment	68,732		68,732	62,786		62,786
Funds held in trust by others	361		361	326		326
Irrevocable trust investments	1,186		1,186	1,100		1,100
Other assets	49		49	47		47
<b>Total Assets</b>	<b>\$ 82,171</b>	<b>\$ 77,298</b>	<b>\$ 159,469</b>	<b>\$ 79,166</b>	<b>\$ 69,162</b>	<b>\$ 148,328</b>
<b>Liabilities and Net Assets</b>						
<b>Current Liabilities:</b>						
Accounts payable and accrued expenses	\$ 120	\$ -	\$ 120	\$ 240	\$ -	\$ 240
Current portion of payable to beneficiaries	50		50	50		50
Program grants payable	5,053		5,053	4,942		4,942
Total current liabilities before custodial liabilities	5,223		5,223	5,232		5,232
Custodial liabilities		77,298	77,298		69,162	69,162
<b>Total Current Liabilities</b>	<b>5,223</b>	<b>77,298</b>	<b>82,521</b>	<b>5,232</b>	<b>69,162</b>	<b>74,394</b>
Payable to beneficiaries, net of current portion	296		296	310		310
<b>Total Liabilities</b>	<b>5,519</b>	<b>77,298</b>	<b>82,817</b>	<b>5,542</b>	<b>69,162</b>	<b>74,704</b>
<b>Net Assets:</b>						
Without donor restrictions	7,544		7,544	8,225		8,225
With donor restrictions	69,108		69,108	65,399		65,399
<b>Total Net Assets</b>	<b>76,652</b>		<b>76,652</b>	<b>73,624</b>		<b>73,624</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 82,171</b>	<b>\$ 77,298</b>	<b>\$ 159,469</b>	<b>\$ 79,166</b>	<b>\$ 69,162</b>	<b>\$ 148,328</b>

See accompanying notes.

## FULCRUM FOUNDATION

### Statements of Activities For the Years Ended June 30, 2024 and 2023 (In Thousands)

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenue and Other Support:</b>						
Contributions, bequests and special event revenue	\$ 2,655	\$ 3,056	\$ 5,711	\$ 2,658	\$ 3,985	\$ 6,643
Net assets released from restrictions	6,235	(6,235)		7,499	(7,499)	
<b>Total Operating Revenue and Other Support</b>	<b>8,890</b>	<b>(3,179)</b>	<b>5,711</b>	<b>10,157</b>	<b>(3,514)</b>	<b>6,643</b>
<b>Expenses:</b>						
Program services-						
Tuition assistance, school support and leadership	8,377		8,377	8,370		8,370
Support services-						
General and administration	986		986	1,030		1,030
Fundraising	1,043		1,043	1,130		1,130
<b>Total Expenses</b>	<b>10,406</b>		<b>10,406</b>	<b>10,530</b>		<b>10,530</b>
<b>Change in Net Assets Before Gains (Losses) on Endowments and Investments, and Change in Irrevocable Split-Interest Agreements</b>	<b>(1,516)</b>	<b>(3,179)</b>	<b>(4,695)</b>	<b>(373)</b>	<b>(3,514)</b>	<b>(3,887)</b>
Investment return on endowments and investments	835	6,752	7,587	273	4,016	4,289
Change in value of irrevocable split-interest agreements		136	136		81	81
Net assets, beginning of year	8,225	65,399	73,624	8,325	64,816	73,141
<b>Net Assets at End of Year</b>	<b>\$ 7,544</b>	<b>\$ 69,108</b>	<b>\$ 76,652</b>	<b>\$ 8,225</b>	<b>\$ 65,399</b>	<b>\$ 73,624</b>

See accompanying notes.

## FULCRUM FOUNDATION

### Statements of Functional Expenses For the Years Ended June 30, 2024 and 2023 (In Thousands)

	2024				2023			
	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	\$ 4,766	\$ -	\$ -	\$ 4,766	\$ 4,836	\$ -	\$ -	\$ 4,836
Tuition assistance	3,021			3,021	3,016			3,016
Leadership program	174			174	112			112
<b>Total Program Grants</b>	<b>7,961</b>			<b>7,961</b>	<b>7,964</b>			<b>7,964</b>
<b>Expenses:</b>								
Salaries and related expenses	387	461	423	1,271	377	456	625	1,458
Professional and contract services	9	275	147	431	10	206	116	332
Catering, conferences and meetings	11	72	303	386	12	95	259	366
Printing and publications		100	112	212	1	116	89	206
Supplies	6	16	10	32	6	24	10	40
Rent		29	38	67		27	27	54
Bad debt expense		(14)		(14)		67		67
Other	3	47	10	60		39	4	43
<b>Total Expenses</b>	<b>\$ 8,377</b>	<b>\$ 986</b>	<b>\$ 1,043</b>	<b>\$ 10,406</b>	<b>\$ 8,370</b>	<b>\$ 1,030</b>	<b>\$ 1,130</b>	<b>\$ 10,530</b>

See accompanying notes.

## FULCRUM FOUNDATION

### Statements of Cash Flows For the Years Ended June 30, 2024 and 2023 (In Thousands)

	2024	2023
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 3,028	\$ 483
Adjustments to reconcile change in net assets to net cash flows provided by (used in) operating activities-		
Change in irrevocable split-interest agreements	(136)	(81)
Realized and unrealized investment gains	(6,094)	(2,923)
Contributions restricted for endowments	(990)	(1,235)
Changes in operating assets:		
Contributions receivable	2,922	1,956
Other receivables	13	47
Other assets	(2)	1
Changes in operating liabilities:		
Accounts payable and accrued expenses	(118)	(6)
Custodial liabilities		(37)
Program grants payable	111	246
<b>Net Cash Flows Used in Operating Activities</b>	<b>(1,266)</b>	<b>(1,549)</b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of investments	(2,514)	(4,650)
Proceeds from sales of investments	2,709	4,105
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>195</b>	<b>(545)</b>
<b>Cash Flows From Financing Activities:</b>		
Contributions restricted for endowments	990	1,255
<b>Net Cash Provided by Financing Activities</b>	<b>990</b>	<b>1,255</b>
<b>Net Change in Cash</b>	<b>(81)</b>	<b>(839)</b>
Cash, at beginning of year	1,850	2,689
<b>Cash, at End of Year</b>	<b>\$ 1,769</b>	<b>\$ 1,850</b>
<b>Cash is Presented on the Statements of Financial Position as Follows:</b>		
Cash	\$ 1,763	\$ 1,844
Cash held for other custodial purposes	6	6
	<b>\$ 1,769</b>	<b>\$ 1,850</b>

See accompanying notes.



## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2024 and 2023

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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, 2024 and 2023 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.

**Special Events** - Special event revenue and expenses consists of the following for the years ended June 30:

	(In Thousands)	
	2024	2023
Special event revenue	\$ 3,641	\$ 3,407
Special event expenses	(482)	(408)
Change in allowance for doubtful accounts	22	(25)
	<u>\$ 3,181</u>	<u>\$ 2,974</u>

## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2024 and 2023

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#### Note 1 - Continued

**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 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).

## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2024 and 2023

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#### Note 1 - Continued

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.

**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 \$24 and \$62 were charged to these accounts for administrative services provided by the Archdiocese for the years ended June 30, 2024 and 2023, 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, 2024, totaled \$6,058. Total investment gains allocated to custodial accounts for the year ended June 30, 2023, totaled \$6,283.

**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.

## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2024 and 2023

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#### Note 1 - Continued

**Concentration** - At June 30, 2024, 73% of undiscounted contributions receivable were due from three donors. At June 30, 2023, 75% of undiscounted contributions receivable were due from three donors.

Revenue from one donor represented 18% of undiscounted contributions for the year ended June 30, 2024. Revenue from two donors represented 48% of undiscounted contributions for the year ended June 30, 2023.

**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.

**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 12, 2024.

#### 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, 2024 and 2023.

## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2024 and 2023

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#### Note 2 - Continued

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

	(In Thousands)	
	2024	2023
Cash	\$ 1,763	\$ 1,844
Foundation investments	9,047	9,095
Current portion of contributions receivable	388	2,966
Other receivables	9	22
	<hr/>	<hr/>
Financial assets available for general expenditures	11,207	13,927
Less restricted gifts not available within one year	(72)	(216)
	<hr/>	<hr/>
<b>Financial Assets Available to Meet General Expenditures Within One Year</b>	<b><u>\$ 11,135</u></b>	<b><u>\$ 13,711</u></b>

The Foundation board-designated endowment funds of \$4,632 and \$4,417 as of June 30, 2024 and 2023, 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.

The Foundation held \$77,233 and \$69,162 in cash and investments on behalf of the Archdiocesan schools as of June 30, 2024 and 2023, 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, 2024 and 2023.

## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2024 and 2023

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#### Note 3 - Continued

**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.

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:

	(In Thousands)	
	2024	2023
Money market funds	\$ 2,380	\$ 3,133
Mutual funds - publicly traded-		
Fixed income:		
Intermediate-term bond funds	1,492	1,332
Short-term bond funds	3,299	2,942
Inflation-protected bond funds	787	668
Total mutual funds - publicly traded	5,578	4,942
Funds subject to distribution in upcoming year	1,089	1,020
<b>Total Current Foundation Investments</b>	<b>\$ 9,047</b>	<b>\$ 9,095</b>

**FULCRUM FOUNDATION**

**Notes to Financial Statements  
For the Years Ended June 30, 2024 and 2023**

**Note 3 - Continued**

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

	(In Thousands)			
	Fair Value Measurements as of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Money market	\$ 2,380	\$ -	\$ -	\$ 2,380
Mutual funds	5,578			5,578
<b>Total Investments, in the Fair Value Hierarchy</b>	<b>\$ 7,958</b>	<b>\$ -</b>	<b>\$ -</b>	7,958
Funds subject to distribution in the upcoming year				1,089
<b>Total Investments</b>				<b>\$ 9,047</b>

	(In Thousands)			
	Fair Value Measurements as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Money market	\$ 3,133	\$ -	\$ -	\$ 3,133
Mutual funds	4,942			4,942
<b>Total Investments, in the Fair Value Hierarchy</b>	<b>\$ 8,075</b>	<b>\$ -</b>	<b>\$ -</b>	8,075
Funds subject to distribution in the upcoming year				1,020
<b>Total Investments</b>				<b>\$ 9,095</b>

## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2024 and 2023

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#### Note 3 - Continued

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

	<u>2024</u>	<u>2023</u>
Cash	\$ 54	\$ 9
Money market funds	53	40
U.S. large cap common stock	21,036	16,935
International common stock	8,740	8,481
Mutual funds - publicly traded-		
Fixed income:		
Intermediate-term bond funds	9,884	8,886
Equity:		
Emerging market bond fund	4,839	4,475
U.S. equity funds	4,004	3,966
Developed international small cap fund	1,977	1,687
Infrastructure		1,236
Real estate funds		1,785
Total mutual funds - publicly traded	<u>20,704</u>	<u>22,035</u>
Alternative investments-		
Hedge funds	7,141	6,504
Private equity	9,810	8,370
Private natural resources	<u>1,783</u>	<u>1,830</u>
Total alternative investments	18,734	16,704
Funds pending transfer or distribution	<u>(589)</u>	<u>(1,418)</u>
<b>Total Foundation Investments Held for Endowment</b>	<b><u>\$ 68,732</u></b>	<b><u>\$ 62,786</u></b>



## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2024 and 2023

#### 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:

	(In Thousands)			
	Fair Value Measurements as of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Cash	\$ 54	\$ -	\$ -	\$ 54
Money market fund	53			53
Common stock	29,776			29,776
Mutual funds	20,704			20,704
<b>Total Investments, in the Fair Value Hierarchy</b>	<b><u>\$ 50,587</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	50,587
Alternative investment funds, at net asset value*				18,734
Funds pending transfer to endowment account				500
Funds pending distribution				<u>(1,089)</u>
<b>Total Investments</b>				<b><u>\$ 68,732</u></b>

	(In Thousands)			
	Fair Value Measurements as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Cash	\$ 9	\$ -	\$ -	\$ 9
Money market	40			40
Common stock	25,416			25,416
Mutual funds	22,035			22,035
<b>Total Investments, in the Fair Value Hierarchy</b>	<b><u>\$ 47,500</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	47,500
Alternative investment funds, at net asset value*				16,704
Funds pending transfer to custodial account				(398)
Funds pending distribution				<u>(1,020)</u>
<b>Total Investments</b>				<b><u>\$ 62,786</u></b>

\*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, 2024 and 2023

#### Note 3 - Continued

Redemption and funding commitments for alternative investments are as follows at June 30:

	(In Thousands)				Redemption Frequency	Redemption Notice
	June 30, 2024		June 30, 2023			
	Balance	Unfunded Commitments	Balance	Unfunded Commitments		
Hedge fund of funds	\$ 7,141	\$ -	\$ 6,504	\$ -	Quarterly to triennially	95 - 180 days
Private equity funds	9,810	6,898	8,370	6,635	illiquid (> 5 years)	N/A
Private natural resources	1,783	249	1,830	304	illiquid (> 5 years)	N/A
	<u>\$ 18,734</u>	<u>\$ 7,147</u>	<u>\$ 16,704</u>	<u>\$ 6,939</u>		

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

	2024	2023
Money market funds	\$ 38	\$ 208
U.S. large cap common stock	28,333	22,180
International common stock	11,705	11,298
Mutual funds - publicly traded-		
Fixed income:		
Intermediate-term bond funds	17,163	13,059
Short-term bond funds		
Equity:		
Emerging market bond fund	6,078	5,330
U.S. equity funds	4,292	4,823
Developed international small cap fund	2,278	2,032
International equity funds	2,223	
Infrastructure		1,335
Absolute return funds	5,182	6,536
Real estate funds		1,957
Total mutual funds - publicly traded	37,216	35,072
Funds pending transfer from Foundation endowment		398
<b>Total Custodial Investments Held for Catholic Schools</b>	<u><b>\$ 77,292</b></u>	<u><b>\$ 69,156</b></u>

**FULCRUM FOUNDATION**

**Notes to Financial Statements  
For the Years Ended June 30, 2024 and 2023**

**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:

	(In Thousands)			
	Fair Value Measurements as of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Money market	\$ 38	\$ -	\$ -	\$ 38
Common stock	40,038			40,038
Mutual funds	37,216			37,216
<b>Total Investments</b>	<b>\$ 77,292</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 77,292</b>

	(In Thousands)			
	Fair Value Measurements as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Money market	\$ 208	\$ -	\$ -	\$ 208
Common stock	33,478			33,478
Mutual funds	35,072			35,072
<b>Total Investments, in the Fair Value Hierarchy</b>	<b>68,758</b>			<b>68,758</b>
Funds pending transfer from Foundation endowment				398
<b>Total Investments</b>	<b>\$ 68,758</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 69,156</b>

## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2024 and 2023

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

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

	(In Thousands)	
	2024	2023
Money market funds	\$ 5	\$ 6
Mutual funds - publicly traded-		
Fixed income:		
Intermediate-term bond funds	233	207
Equity:		
U.S. equity funds	523	426
International equity funds	219	233
Emerging markets funds	89	58
Infrastructure		27
Absolute return funds	117	114
Real estate funds		29
Total mutual funds - publicly traded	<u>1,181</u>	<u>1,094</u>
<b>Total Custodial Investments Held for Catholic Schools</b>	<b><u>\$ 1,186</u></b>	<b><u>\$ 1,100</u></b>

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

	(In Thousands)				
	Balance at June 30, 2023	Unrealized Gain (Loss)	Increase in Balance Due to Change in Present Value	Distributions	Balance at June 30, 2024
Funds held in trust by others	\$ 201	\$ (11)	\$ 33	\$ -	\$ 223
Funds held in trust by others held for endowment	<u>125</u>	<u>3</u>	<u>10</u>		<u>138</u>
	<b><u>\$ 326</u></b>	<b><u>\$ (8)</u></b>	<b><u>\$ 43</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 361</u></b>

**FULCRUM FOUNDATION**

**Notes to Financial Statements  
For the Years Ended June 30, 2024 and 2023**

**Note 4 - Continued**

	(In Thousands)				
	Balance at June 30, 2022	Unrealized Loss	Increase in Balance Due to Change in Present Value	Distributions	Balance at June 30, 2023
Funds held in trust by others	\$ 194	\$ (7)	\$ 14	\$ -	\$ 201
Funds held in trust by others held for endowment	119	5	1		125
	<u>\$ 313</u>	<u>\$ (2)</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ 326</u>

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

	(In Thousands)			
	Balance at June 30, 2023	Payments	Increase in Payable Due to Increase in Discount Period	Balance at June 30, 2024
Payable to beneficiaries	\$ 360	\$ (50)	\$ 36	\$ 346
Less current portion	(50)			(50)
<b>Noncurrent Portion</b>	<u>\$ 310</u>	<u>\$ (50)</u>	<u>\$ 36</u>	<u>\$ 296</u>

	(In Thousands)			
	Balance at June 30, 2022	Payments	Increase in Payable Due to Increase in Discount Period	Balance at June 30, 2023
Payable to beneficiaries	\$ 374	\$ (50)	\$ 36	\$ 360
Less current portion	(50)			(50)
<b>Noncurrent Portion</b>	<u>\$ 324</u>	<u>\$ (50)</u>	<u>\$ 36</u>	<u>\$ 310</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, 2024 and 2023

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#### Note 5 - Related-Party Transactions

During the years ended June 30, 2024 and 2023, the Foundation received contributions of \$8 and \$8, respectively, from the Archdiocese.

During the year ended June 30, 2024 and 2023, the Foundation awarded grants of \$568 and \$477, 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, 2024 and 2023, in the amounts of \$75 and \$93, respectively.

The Foundation had amounts due to the Archdiocese for allocated administrative charges amounting to \$11 and \$15 at June 30, 2024 and 2023, respectively.

The Foundation paid the Archdiocese \$59 and \$54 for administrative services during the years ended June 30, 2024 and 2023, respectively.

The Foundation's office space is rented from the Archdiocese. Rent expense was \$58 and \$54 for the years ended June 30, 2024 and 2023.

Undiscounted contributions receivable from Board members amounted to \$10 and \$12 at June 30, 2024 and 2023, respectively. Revenue recognized from Board member contributions amounted to \$88 and \$144 for the years ended June 30, 2024 and 2023, respectively. Cash received related to these contributions totaled \$75 and \$652 for the years ended June 30, 2024 and 2023, respectively.

#### Note 6 - Contributions Receivable

Unconditional promises to give are as follows at June 30:

	(In Thousands)	
	2024	2023
Receivable in less than one year	\$ 493	\$ 3,105
Receivable in one to five years	671	1,026
	1,165	4,130
Less allowance for doubtful contributions	(107)	(121)
Less discount at rates from 2.60% to 5.32%	(34)	(63)
<b>Net Unconditional Promises to Give</b>	<b>\$ 1,024</b>	<b>\$ 3,946</b>

## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2024 and 2023

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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:

	(In Thousands)	
	2024	2023
Current	\$ 400	\$ 2,966
Long-term	623	943
Restricted for endowment	1	37
<b>Net Unconditional Promises to Give</b>	<b>\$ 1,024</b>	<b>\$ 3,946</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:

	(In Thousands)	
	2024	2023
Undesignated	\$ 2,687	\$ 3,724
Designated primarily for tuition assistance grants, school partnership grants and operations	225	84
Designated for endowment	4,632	4,417
	<b>\$ 7,544</b>	<b>\$ 8,225</b>

## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2024 and 2023

#### 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:

	(In Thousands)	
	2024	2023
Net assets with perpetual donor restrictions-		
Endowment funds with earnings restricted for:		
Tuition assistance	\$ 16,463	\$ 15,574
School partnership grants	12,929	12,884
Pierce County schools	3,939	3,936
General operations	11,445	11,426
	<u>44,776</u>	<u>43,820</u>
Funds held in trust by others, restricted for endowment, earnings to be used for tuition assistance	132	126
Contributions receivable for endowment with earnings restricted for-		
Tuition assistance	18	37
	<u>44,926</u>	<u>43,983</u>
Net assets with donor restrictions for purpose-		
Tuition assistance	14,843	13,306
School partnership grants	4,838	4,973
Pierce County schools	2,934	2,504
Leadership grants	570	728
General operations	621	(610)
	<u>23,806</u>	<u>20,901</u>
Net assets with donor restrictions for time	<u>376</u>	<u>515</u>
<b>Total Net Assets With Donor Restrictions</b>	<b><u>\$ 69,108</u></b>	<b><u>\$ 65,399</u></b>

Net assets with donor restrictions for tuition assistance include \$13,013 and \$11,252 of endowment earnings and \$1,363 and \$1,390 of time restrictions for the years ended June 30, 2024 and 2023, respectively.



## FULCRUM FOUNDATION

### Notes to Financial Statements For the Years Ended June 30, 2024 and 2023

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#### Note 7 - Continued

Net assets with donor restrictions for school partnership grants include \$3,797 and \$1,410 of endowment earnings and \$227 and \$2,802 of time restrictions for the years ended June 30, 2024 and 2023, respectively.

Net assets with donor restrictions for Pierce County schools include \$2,896 and \$2,496 of endowment earnings for the years ended June 30, 2024 and 2023, respectively, and \$0 and \$7 of time restrictions for the years ended June 30, 2024 and 2023. Net assets with donor restrictions for leadership grants include \$109 and \$135 of time restrictions for the years ended June 30, 2024 and 2023, respectively.

#### Note 8 - Endowment

The Foundation's endowment consists of 26 and 25 individual funds, for the years ending June 30, 2024 and 2023, 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, 2024 and 2023

#### Note 8 - Continued

Endowment net assets, which include cash of \$500 and \$10 at June 30, 2024 and 2023, respectively, consist of the following:

	(In Thousands)			
	2024			
	Without Donor Restrictions	With Donor Restrictions for Purpose	With Perpetual Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 19,327	\$ 44,776	\$ 64,103
Board-designated quasi-endowment funds	4,629			4,629
<b>Total Endowment Funds</b>	<b>\$ 4,629</b>	<b>\$ 19,327</b>	<b>\$ 44,776</b>	<b>\$ 68,732</b>

	(In Thousands)			
	2023			
	Without Donor Restrictions	With Donor Restrictions for Purpose	With Perpetual Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 14,548	\$ 43,820	\$ 58,368
Board-designated quasi-endowment funds	4,418			4,418
<b>Total Endowment Funds</b>	<b>\$ 4,418</b>	<b>\$ 14,548</b>	<b>\$ 43,820</b>	<b>\$ 62,786</b>

**FULCRUM FOUNDATION**

**Notes to Financial Statements  
For the Years Ended June 30, 2024 and 2023**

**Note 8 - Continued**

Changes in endowment net assets are as follows:

	(In Thousands)			Total
	2024	2024	2024	
	Without Donor Restrictions	With Donor Restrictions for Purpose	With Perpetual Donor Restrictions	
Endowment net assets, beginning of year	\$ 4,418	\$ 14,548	\$ 43,820	\$ 62,786
Investment return-				
Investment income	91	1,213		1,304
Net appreciation (realized and unrealized)	405	5,533		5,938
Total investment return	496	6,746		7,242
Contributions			956	956
Distributions to operations	(285)	(1,967)		(2,252)
<b>Endowment Net Assets, End of Year</b>	<b>\$ 4,629</b>	<b>\$ 19,327</b>	<b>\$ 44,776</b>	<b>\$ 68,732</b>

**FULCRUM FOUNDATION**

**Notes to Financial Statements  
For the Years Ended June 30, 2024 and 2023**

**Note 8 - Continued**

	(In Thousands)			Total
	Without Donor Restrictions	With Donor Restrictions for Purpose	With Perpetual Donor Restrictions	
	2023			
Endowment net assets, beginning of year	\$ 4,379	\$ 12,427	\$ 42,920	\$ 59,726
Investment return-				
Investment income	84	1,074		1,158
Net appreciation (realized and unrealized)	220	2,942		3,162
Total investment return	304	4,016		4,320
Contributions			1,235	1,235
Distributions to operations	(265)	(1,895)	(335)	(2,495)
<b>Endowment Net Assets, End of Year</b>	<b>\$ 4,418</b>	<b>\$ 14,548</b>	<b>\$ 43,820</b>	<b>\$ 62,786</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, 2024 and 2023

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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, 2024 and 2023, 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, 2024, there were no funds with deficiencies reported in net assets with donor restrictions. At June 30, 2022 three funds with an original gift value of \$17,223, fair value of \$16,023, and a deficiency of \$1,200 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.