

FULCRUM FOUNDATION

Financial Statements

For the Years Ended June 30, 2025 and 2024

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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, 2025 and 2024, 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, 2025 and 2024, 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.



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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Clark Nuber P.S.

Certified Public Accountants
October 27, 2025

FULCRUM FOUNDATION

Statements of Financial Position June 30, 2025 and 2024 (In Thousands)

	2025			2024		
	Non-Custodial	Custodial	Total	Non-Custodial	Custodial	Total
Assets						
Current Assets:						
Cash	\$ 21,762	\$ -	\$ 21,762	\$ 1,763	\$ -	\$ 1,763
Foundation investments	9,334		9,334	9,047		9,047
Current portion of contributions receivable	815		815	388		388
Other receivables				9		9
Current assets before custodial assets	31,911		31,911	11,207		11,207
Cash held for other custodial purposes		102	102		6	6
Custodial investments held for Catholic Schools		86,284	86,284		77,292	77,292
Total custodial assets		86,386	86,386		77,298	77,298
Total Current Assets	31,911	86,386	118,297	11,207	77,298	88,505
Contributions receivable, net of current portion	341		341	635		635
Contributions receivable for endowment	24		24	1		1
Other long-term investments	28,609		28,609			
Foundation investments held for endowment	74,169		74,169	68,732		68,732
Funds held in trust by others	391		391	361		361
Irrevocable trust investments	1,284		1,284	1,186		1,186
Other	20		20	49		49
Total Assets	\$ 136,749	\$ 86,386	\$ 223,135	\$ 82,171	\$ 77,298	\$ 159,469
Liabilities and Net Assets						
Current Liabilities:						
Accounts payable and accrued expenses	\$ 231	\$ -	\$ 231	\$ 120	\$ -	\$ 120
Current portion of payable to beneficiaries	50		50	50		50
Program grants payable	5,462		5,462	5,053		5,053
Total current liabilities before custodial liabilities	5,743		5,743	5,223		5,223
Custodial liabilities		86,386	86,386		77,298	77,298
Total Current Liabilities	5,743	86,386	92,129	5,223	77,298	82,521
Payable to beneficiaries, net of current portion	288		288	296		296
Total Liabilities	6,031	86,386	92,417	5,519	77,298	82,817
Net Assets:						
Without donor restrictions	27,783		27,783	7,544		7,544
With donor restrictions	102,935		102,935	69,108		69,108
Total Net Assets	130,718		130,718	76,652		76,652
Total Liabilities and Net Assets	\$ 136,749	\$ 86,386	\$ 223,135	\$ 82,171	\$ 77,298	\$ 159,469

See accompanying notes.

FULCRUM FOUNDATION

Statements of Activities For the Years Ended June 30, 2025 and 2024 (In Thousands)

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Other Support:						
Contributions, bequests, and special event revenue	\$ 22,872	\$ 41,388	\$ 64,260	\$ 2,655	\$ 3,056	\$ 5,711
Net assets released from restrictions	12,624	(12,624)		6,235	(6,235)	
Total Operating Revenue and Other Support	35,496	28,764	64,260	8,890	(3,179)	5,711
Expenses:						
Program services-						
Tuition assistance, school support	14,531		14,531	8,377		8,377
Support services-						
General and administration	1,019		1,019	986		986
Fundraising	1,046		1,046	1,043		1,043
Total Expenses	16,596		16,596	10,406		10,406
Change in Net Assets Before Gains (Losses) on Endowments and Investments and Change in Irrevocable Split-Interest Agreements	18,900	28,764	47,664	(1,516)	(3,179)	(4,695)
Investment return on endowments and investments	1,339	4,929	6,268	835	6,752	7,587
Change in value of irrevocable split-interest agreements		134	134		136	136
Total Change in Net Assets	20,239	33,827	54,066	(681)	3,709	3,028
Net assets, beginning of year	7,544	69,108	76,652	8,225	65,399	73,624
Net Assets at End of Year	\$ 27,783	\$ 102,935	\$ 130,718	\$ 7,544	\$ 69,108	\$ 76,652

See accompanying notes.

FULCRUM FOUNDATION

Statements of Functional Expenses For the Years Ended June 30, 2025 and 2024 (In Thousands)

	2025				2024			
	Tuition Assistance, School Support, and Leadership	General and Administration	Fundraising	Total	Tuition Assistance, School Support, and Leadership	General and Administration	Fundraising	Total
Program Grants:								
School partnership grants	\$ 9,614	\$ -	\$ -	\$ 9,614	\$ 4,766	\$ -	\$ -	\$ 4,766
Tuition assistance	3,831			3,831	3,021			3,021
Leadership program	564			564	174			174
Total Program Grants	14,009			14,009	7,961			7,961
Expenses:								
Salaries and related expenses	463	421	455	1,339	387	461	423	1,271
Catering, conferences, and meetings	15	51	320	386	11	72	303	386
Professional and contract services	14	301	69	384	9	275	147	431
Printing and publications	1	152	157	310		100	112	212
Other	2	74	4	80	3	47	10	60
Rent	21	18	24	63		29	38	67
Supplies	6	20	17	43	6	16	10	32
Bad debt expense		(18)		(18)		(14)		(14)
Total Expenses	\$ 14,531	\$ 1,019	\$ 1,046	\$ 16,596	\$ 8,377	\$ 986	\$ 1,043	\$ 10,406

See accompanying notes.

FULCRUM FOUNDATION

Statements of Cash Flows For the Years Ended June 30, 2025 and 2024 (In Thousands)

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 54,067	\$ 3,028
Adjustments to reconcile change in net assets to net cash flows provided by (used in) operating activities-		
Change in irrevocable split-interest agreements	(134)	(136)
Realized and unrealized investment gains	(6,888)	(6,094)
Contributions restricted for endowments	(546)	(990)
Contributed stock to be held for long-term purposes	(28,609)	
Change in cash held for custodial purposes	96	
Changes in operating assets:		
Contributions receivable	(156)	2,922
Other receivables	9	13
Other assets	29	(2)
Changes in operating liabilities:		
Accounts payable and accrued expenses	111	(118)
Program grants payable	409	111
Net Cash Flows Provided by (Used in) Operating Activities	18,388	(1,266)
Cash Flows From Investing Activities:		
Purchase of investments	(2,326)	(2,514)
Proceeds from sales of investments	3,489	2,709
Net Cash Provided by Investing Activities	1,163	195
Cash Flows From Financing Activities:		
Contributions restricted for endowments	544	990
Net Cash Provided by Financing Activities	544	990
Net Change in Cash	20,095	(81)
Cash, at beginning of year	1,769	1,850
Cash, at End of Year	\$ 21,864	\$ 1,769
Cash is Presented on the Statements of Financial Position as Follows:		
Cash	\$ 21,762	\$ 1,763
Cash held for other custodial purposes	102	6
	\$ 21,864	\$ 1,769

See accompanying notes.

FULCRUM FOUNDATION

Notes to Financial Statements For the Years Ended June 30, 2025 and 2024 (In Thousands)

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, 2025 and 2024 there were no conditional contributions outstanding. 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)	
	2025	2024
Special event revenue	\$ 4,080	\$ 3,641
Special event expenses	(480)	(482)
Change in allowance for doubtful accounts	24	22
	<u>\$ 3,624</u>	<u>\$ 3,181</u>

FULCRUM FOUNDATION

Notes to Financial Statements For the Years Ended June 30, 2025 and 2024 (In Thousands)

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, unless restricted by donor. 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, 2025 and 2024 (In Thousands)

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 the endowments of Catholic schools 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. In addition, administrative fees of \$85 and \$67 were charged to these accounts for administrative services provided by the Archdiocese for the years ended June 30, 2025 and 2024, 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 years ended June 30, 2025 and 2024, totaled \$10,154 and \$8,785, respectively.

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, 2025 and 2024 (In Thousands)

Note 1 - Continued

Concentration - At June 30, 2025 and 2024, 70% and 73% of undiscounted contributions receivable were due from two and three donors, respectively.

Revenue from two donors represented 90% of undiscounted contributions for the year ended June 30, 2025. Revenue from one donor represented 18% of undiscounted contributions for the year ended June 30, 2024.

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 October 27, 2025.

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 purposes. As such, board-designated funds for reserves and other purposes are considered available for general expenditure at June 30, 2025 and 2024.

FULCRUM FOUNDATION

Notes to Financial Statements For the Years Ended June 30, 2025 and 2024 (In Thousands)

Note 2 - Continued

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

	(In Thousands)	
	2025	2024
Cash	\$ 21,762	\$ 1,763
Foundation investments	9,334	9,047
Current portion of contributions receivable	815	388
Other receivables		9
Financial assets available for general expenditures	31,911	11,207
Less restricted gifts not available within one year	(73)	(72)
Financial Assets Available to Meet General Expenditures Within One Year	\$ 31,838	\$ 11,135

The Foundation board-designated endowment funds of \$4,953 and \$4,632 as of June 30, 2025 and 2024, 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 \$86,386 and \$77,298 in cash and investments on behalf of the Archdiocesan schools as of June 30, 2025 and 2024, 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.

FULCRUM FOUNDATION

Notes to Financial Statements For the Years Ended June 30, 2025 and 2024 (In Thousands)

Note 3 - Continued

The 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, 2025 and 2024.

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 or 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.

Foundation investments consist of the following at June 30:

	(In Thousands)	
	2025	2024
Money market funds	\$ 2,506	\$ 2,380
Mutual funds - publicly traded-		
Fixed income:		
Intermediate-term bond funds	1,440	1,492
Short-term bond funds	3,219	3,299
Inflation-protected bond funds	717	787
Total mutual funds - publicly traded	5,376	5,578
Endowment funds subject to distribution in the upcoming year	1,452	1,089
Total Foundation Investments, Current	\$ 9,334	\$ 9,047

FULCRUM FOUNDATION

Notes to Financial Statements For the Years Ended June 30, 2025 and 2024 (In Thousands)

Note 3 - Continued

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

	Fair Value Measurements as of June 30, 2025			
	Level 1	Level 2	Level 3	Total
Money market	\$ 2,506	\$ -	\$ -	\$ 2,506
Mutual funds	5,376			5,376
Total Investments, in the Fair Value Hierarchy	\$ 7,882	\$ -	\$ -	7,882
Endowment funds subject to distribution in the upcoming year				1,452
Total Foundation Investments, Current				\$ 9,334

	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
Total Investments, in the Fair Value Hierarchy	\$ 7,958	\$ -	\$ -	7,958
Endowment funds subject to distribution in the upcoming year				1,089
Total Foundation Investments, Current				\$ 9,047

FULCRUM FOUNDATION

Notes to Financial Statements For the Years Ended June 30, 2025 and 2024 (In Thousands)

Note 3 - Continued

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

	<u>2025</u>	<u>2024</u>
Cash	\$ 211	\$ 54
Money market funds		53
U.S. large cap common stock	25,261	21,036
International common stock	9,999	8,740
Mutual funds - publicly traded-		
Fixed income:		
Intermediate-term bond funds	10,981	9,884
Equity:		
Emerging market equity fund	4,274	4,839
U.S. equity funds	2,993	4,004
Developed international small cap fund	<u>1,526</u>	<u>1,977</u>
Total mutual funds - publicly traded	19,774	20,704
Alternative investments-		
Hedge funds	7,840	7,141
Private equity	11,151	9,810
Private natural resources	<u>1,385</u>	<u>1,783</u>
Total alternative investments	20,376	18,734
Funds pending transfer or distribution	<u>(1,452)</u>	<u>(589)</u>
Total Foundation Investments Held for Endowment	<u>\$ 74,169</u>	<u>\$ 68,732</u>

FULCRUM FOUNDATION

Notes to Financial Statements For the Years Ended June 30, 2025 and 2024 (In Thousands)

Note 3 - Continued

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

	Fair Value Measurements as of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Money market	\$ 2,380	\$ -	\$ -	\$ 2,380
Mutual funds	5,578			5,578
Total Investments, in the Fair Value Hierarchy	\$ 7,958	\$ -	\$ -	7,958
Endowment funds subject to distribution in the upcoming year				1,089
Total Foundation Investments, Current				\$ 9,047

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

* 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, 2025 and 2024 (In Thousands)

Note 3 - Continued

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

	June 30, 2025		June 30, 2024		Redemption Frequency	Redemption Notice
	Balance	Unfunded Commitments	Balance	Unfunded Commitments		
Hedge fund of funds	\$ 7,840	\$ -	\$ 7,141	\$ -	Quarterly to triennially	95 - 180 days
Private equity funds	11,151	5,204	9,810	6,898	illiquid (> 5 years)	N/A
Private natural resources	1,385	188	1,783	249	illiquid (> 5 years)	N/A
	<u>\$ 20,376</u>	<u>\$ 5,392</u>	<u>\$ 18,734</u>	<u>\$ 7,147</u>		

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

	2025	2024
Money market funds	\$ 93	\$ 38
U.S. large cap common stock	32,814	28,333
International common stock	12,716	11,705
Mutual funds - publicly traded-		
Fixed income:		
Intermediate-term bond funds	18,983	17,163
Equity:		
Emerging market equity fund	6,309	6,078
U.S. equity funds	4,817	4,292
Developed international small cap fund	2,330	2,278
International equity funds	2,487	2,223
Absolute return funds	5,735	5,182
Total mutual funds - publicly traded	<u>40,661</u>	<u>37,216</u>
Total Custodial Investments Held for Catholic Schools	<u>\$ 86,284</u>	<u>\$ 77,292</u>

FULCRUM FOUNDATION

Notes to Financial Statements For the Years Ended June 30, 2025 and 2024 (In Thousands)

Note 3 - Continued

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

	Fair Value Measurements as of June 30, 2025			
	Level 1	Level 2	Level 3	Total
Money market	\$ 93	\$ -	\$ -	\$ 93
Common stock	45,530			45,530
Mutual funds	40,661			40,661
Total Custodial Investments Held for Catholic Schools	\$ 86,284	\$ -	\$ -	\$ 86,284

	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
Total Custodial Investments Held for Catholic Schools	\$ 77,292	\$ -	\$ -	\$ 77,292

The following table set forth by level, within the fair value hierarchy, the Foundation's other long-term investments:

	Fair Value Measurements as of June 30, 2025			
	Level 1	Level 2	Level 3	Total
Common stock	\$ 28,609	\$ -	\$ -	\$ 28,609
Total Other Long-Term Investments	\$ 28,609	\$ -	\$ -	\$ 28,609

Other long-term investments consists of a single donation of publicly traded stock received from one donor. In accordance with the donor's instructions, the Foundation is required to hold the donated stock for a period of five years from the date of the donor's death. As a result, this investment is classified as donor-restricted and is not available for general expenditure until the restriction period lapses. The Foundation will reclassify the investment as without donor restrictions upon the expiration of the five-year holding period.

FULCRUM FOUNDATION

Notes to Financial Statements For the Years Ended June 30, 2025 and 2024 (In Thousands)

Note 4 - Irrevocable Split-Interest Agreements

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

	<u>2025</u>	<u>2024</u>
Money market funds	\$ 4	\$ 5
Mutual funds - publicly traded-		
Fixed income:		
Intermediate-term bond funds	248	233
Equity:		
U.S. equity funds	570	523
International equity funds	289	219
Emerging markets funds	89	89
Absolute return funds	<u>84</u>	<u>117</u>
Total mutual funds - publicly traded	<u>1,280</u>	<u>1,181</u>
Total Custodial Investments Held for Catholic Schools	<u>\$ 1,284</u>	<u>\$ 1,186</u>

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

	<u>Balance at June 30, 2024</u>	<u>Unrealized Gain (Loss)</u>	<u>Increase in Balance Due to Change in Present Value</u>	<u>Distributions</u>	<u>Balance at June 30, 2025</u>
Funds held in trust by others	\$ 223	\$ (5)	\$ 33	\$ -	\$ 251
Funds held in trust by others held for endowment	<u>138</u>	<u>(4)</u>	<u>6</u>		<u>140</u>
	<u>\$ 361</u>	<u>\$ (9)</u>	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ 391</u>

FULCRUM FOUNDATION

**Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024
(In Thousands)**

Note 4 - Continued

	<u>Balance at June 30, 2023</u>	<u>Unrealized Loss</u>	<u>Increase in Balance Due to Change in Present Value</u>	<u>Distributions</u>	<u>Balance at June 30, 2024</u>
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>-</u>	<u>138</u>
	<u>\$ 326</u>	<u>\$ (8)</u>	<u>\$ 43</u>	<u>\$ -</u>	<u>\$ 361</u>

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

	<u>Balance at June 30, 2024</u>	<u>Payments</u>	<u>Increase in Payable Due to Increase in Discount Period</u>	<u>Balance at June 30, 2025</u>
Payable to beneficiaries	\$ 346	\$ (50)	\$ 42	\$ 338
Less current portion	<u>(50)</u>	<u>-</u>	<u>-</u>	<u>(50)</u>
Noncurrent Portion	<u>\$ 296</u>	<u>\$ (50)</u>	<u>\$ 42</u>	<u>\$ 288</u>

	<u>Balance at June 30, 2023</u>	<u>Payments</u>	<u>Increase in Payable Due to Increase in Discount Period</u>	<u>Balance at June 30, 2024</u>
Payable to beneficiaries	\$ 360	\$ (50)	\$ 36	\$ 346
Less current portion	<u>(50)</u>	<u>-</u>	<u>-</u>	<u>(50)</u>
Noncurrent Portion	<u>\$ 310</u>	<u>\$ (50)</u>	<u>\$ 36</u>	<u>\$ 296</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, 2025 and 2024 (In Thousands)

Note 5 - Related-Party Transactions

During the years ended June 30, 2025 and 2024, the Foundation received contributions of \$10 and \$8, respectively, from the Archdiocese.

During the years ended June 30, 2025 and 2024, the Foundation awarded grants of \$592 and \$568, 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, 2025 and 2024, in the amounts of \$517 and \$75, respectively.

The Foundation had amounts due to the Archdiocese for allocated administrative charges amounting to \$41 and \$11 at June 30, 2025 and 2024, respectively.

The Foundation paid the Archdiocese \$67 and \$59 for administrative services during the years ended June 30, 2025 and 2024, respectively. The Foundation's office space is rented from the Archdiocese. Rent expense was \$58 for both the years ended June 30, 2025 and 2024.

Undiscounted contributions receivable from Board members amounted to \$6 and \$10 at June 30, 2025 and 2024, respectively. Revenue recognized from Board member contributions amounted to \$91 and \$88 for the years ended June 30, 2025 and 2024, respectively. Cash received related to these contributions totaled \$78 and \$75 for the years ended June 30, 2025 and 2024, respectively.

Note 6 - Contributions Receivable

Unconditional promises to give are as follows at June 30:

	<u>2025</u>	<u>2024</u>
Receivable in less than one year	\$ 915	\$ 493
Receivable in one to five years	<u>364</u>	<u>672</u>
	1,279	1,165
Less allowance for doubtful contributions	(88)	(107)
Less discount at rates from 2.60% to 5.32%	<u>(11)</u>	<u>(34)</u>
Net Unconditional Promises to Give	<u>\$ 1,180</u>	<u>\$ 1,024</u>

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

	<u>2025</u>	<u>2024</u>
Current	\$ 815	\$ 400
Long-term	341	623
Restricted for endowment	<u>24</u>	<u>1</u>
Net Unconditional Promises to Give	<u>\$ 1,180</u>	<u>\$ 1,024</u>

FULCRUM FOUNDATION

Notes to Financial Statements For the Years Ended June 30, 2025 and 2024 (In Thousands)

Note 7 - Net Assets

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

	<u>2025</u>	<u>2024</u>
Undesignated	\$ 22,280	\$ 2,687
Designated primarily for tuition assistance grants, school partnership grants, and operations	550	228
Designated for endowment	<u>4,953</u>	<u>4,629</u>
	<u>\$ 27,783</u>	<u>\$ 7,544</u>

FULCRUM FOUNDATION

Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024
(In Thousands)

Note 7 - Continued

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

	<u>2025</u>	<u>2024</u>
Net assets with perpetual donor restrictions-		
Endowment funds with earnings restricted for:		
Tuition assistance	\$ 16,015	\$ 16,463
School partnership grants	14,415	12,929
Pierce County schools	3,959	3,939
General operations	<u>10,931</u>	<u>11,445</u>
	45,320	44,776
 Funds held in trust by others, restricted for endowment, earnings to be used for tuition assistance	 132	 132
 Contributions receivable for endowment with earnings restricted for-		
Tuition assistance	<u>3</u>	<u>18</u>
	45,455	44,926
 Net assets with donor restrictions for purpose-		
Tuition assistance	17,496	14,843
School partnership grants	5,228	4,838
Pierce County schools	3,384	2,934
Leadership grants	441	570
General operations	<u>1,948</u>	<u>621</u>
	<u>28,497</u>	<u>23,806</u>
 Net assets with donor restrictions for time	 <u>28,983</u>	 <u>376</u>
 Total Net Assets With Donor Restrictions	 <u>\$ 102,935</u>	 <u>\$ 69,108</u>

Net assets with donor restrictions for tuition assistance include \$14,976 and \$13,013 of endowment earnings and \$1,260 and \$1,363 of time restrictions for the years ended June 30, 2025 and 2024, respectively.

FULCRUM FOUNDATION

Notes to Financial Statements For the Years Ended June 30, 2025 and 2024 (In Thousands)

Note 7 - Continued

For the years ended June 30, 2025 and 2024, net assets with donor restrictions for school partnership grants include endowment earnings of \$958 and \$3,797, respectively, and amounts subject to time restrictions of \$78 and \$227, respectively.

For Pierce County schools, net assets with donor restrictions consist entirely of endowment earnings, totaling \$3,345 and \$2,896 as of June 30, 2025 and 2024, respectively. There were no amounts subject to time restrictions for either year.

For leadership grants, net assets with donor restrictions include amounts subject to time restrictions of \$73 and \$109 as of June 30, 2025 and 2024, respectively.

Note 8 - Endowment

The Foundation's endowment consists of 26 individual funds, for both the years ending June 30, 2025 and 2024, 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 U.S. GAAP, 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, 2025 and 2024
(In Thousands)**

Note 8 - Continued

Endowment net assets, which include no cash at June 30, 2025 and \$500 at June 30, 2024, respectively, consist of the following:

	2025			Total
	Without Donor Restrictions	With Donor Restrictions for Purpose	With Perpetual Donor Restrictions	
Donor-restricted endowment funds	\$ -	\$ 23,896	\$ 45,320	\$ 69,216
Board-designated quasi-endowment funds	4,953			4,953
Total Endowment Funds	\$ 4,953	\$ 23,896	\$ 45,320	\$ 74,169

	2024			Total
	Without Donor Restrictions	With Donor Restrictions for Purpose	With Perpetual Donor Restrictions	
Donor-restricted endowment funds	\$ -	\$ 19,327	\$ 44,776	\$ 64,103
Board-designated quasi-endowment funds	4,629			4,629
Total Endowment Funds	\$ 4,629	\$ 19,327	\$ 44,776	\$ 68,732

FULCRUM FOUNDATION

**Notes to Financial Statements
For the Years Ended June 30, 2025 and 2024
(In Thousands)**

Note 8 - Continued

Changes in endowment net assets were as follows:

	2025			Total
	Without Donor Restrictions	With Donor Restrictions for Purpose	With Perpetual Donor Restrictions	
Endowment net assets, beginning of year	\$ 4,629	\$ 19,327	\$ 44,776	\$ 68,732
Investment return-				
Investment income	100	1,396		1,496
Net appreciation (realized and unrealized)	433	6,220		6,653
Total investment return	533	7,616		8,149
Contributions			544	544
Distributions to operations	(209)	(3,047)		(3,256)
Endowment Net Assets, End of Year	\$ 4,953	\$ 23,896	\$ 45,320	\$ 74,169
	2024			
	Without Donor Restrictions	With Donor Restrictions for Purpose	With Perpetual Donor Restrictions	Total
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)
Endowment Net Assets, End of Year	\$ 4,629	\$ 19,327	\$ 44,776	\$ 68,732

FULCRUM FOUNDATION

Notes to Financial Statements For the Years Ended June 30, 2025 and 2024 (In Thousands)

Note 8 - Continued

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.

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, 2025 and 2024, distributions of \$3,256 and \$2,252, 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 U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. At June 30, 2025 and 2024, there were no funds with deficiencies reported in net assets with donor restrictions. The Foundation may temporarily reduce spending from these donor-restricted endowment funds until the deficit is recovered.