



WASHINGTON STATE

OPPORTUNITY

SCHOLARSHIP

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Washington State Opportunity Scholarship

Board Meeting

October 15, 2012

AGENDA

- I. Call to Order and Approve Minutes – Brad Smith
- II. Update
 - A. Olympia Update – Leslie Goldstein and Dave Stolier
 - B. Legislative Meetings – Brad Smith
- III. Scholarship Model –Brad Smith and Deborah Wilds
- IV. Outreach – Susan Pollack and John Hoyt, Pyramid Communications
- V. Fundraising - Brad Smith and Susan Pollack
- VI. Investment Policy – Brad Smith, Bob Craves and Joe Gaffney



Washington State Opportunity Scholarship Board Meeting

July 9, 2012

Minutes

The Board of Directors meeting of the Washington State Opportunity Scholarship (WSOS) was called to order at 10:35 a.m. on July 9, 2012 at Microsoft Headquarters in Redmond, Washington.

Board members present: Brad Smith, Terry Gillespie, Kimberly Harris, Mack Hogans, and Jim Sinegal (by phone). This constituted a quorum.

Additional attendees: Jane Broom, Bob Craves, Dave Fisher, Lavelle Freudenberg, Leslie Goldstein, Bill McSherry, Laura Peterson, Susan Pollack, Rebecca Swartz, and Deborah Wilds.

1. Meeting Called to Order

Brad Smith welcomed everyone and introductions were made.

2. Update of Scholarship – Cohort One

Susan Pollack shared a Facebook post from Andrei A., a scholarship recipient, thanking WSOS for the scholarship. Deborah Wilds distributed WSOS Scholarship Selection Data and reviewed the 8 tables:

WSOS Selected Students, by:

- Race and Ethnicity and Field of Study
- Income, GPA and Field of Study
- Income, Race and Ethnicity and Field of Study
- Gender and Field of Study
- Grade Point Average and Field of Study
- Grade Level and Field of Study as of Fall 2012
- GPA, Grade Level and Field of Study as of Fall 2012
- Institution and Field of Study as of Fall 2012

As the Board reviewed the data and the make-up of Cohort One, discussion centered around the mix of students who applied for the scholarship versus the students who were selected. Wilds gave the Board a list of Selected Applicants by High School (Top 10 School Districts) which showed where students were awarded scholarships. Brad Smith suggested utilizing this list to go back to specific schools and have students speak on behalf of the scholarship. This would bring more awareness of WSOS to more students and might be helpful for future awarding.

The Board also discussed issues impacting the STEM field. Wilds stated that capacity is an issue and used the illustration of an hour glass. There are not enough classroom slots for the students who want to enter into these fields. Well-prepared students are pursuing STEM degrees but are not graduating with them because they are often changing fields before graduation. Smith suggested the board might want to look at increasing the scholarship amount and address the challenge of college capacity.

3. Vision and Plan

Bob Craves shared the projected WSOS Total Cumulative Revenue: By Donor and Donation Type for 2011 – 2015. The board asked if the state of Washington match and catch-up dollars would come through, and Smith stated that it depends on state revenue for 2014. Leslie Goldstein will see if there is a revenue forecast to share with the board.

Dave Fisher reviewed the Washington State Opportunity Scholarship Plan – Draft #4. The vision proposes to give \$5,000 scholarships each year for a total of \$25,000 to help students complete Health Care and STEM degrees. This document will be used when WSOS members meet with legislators in July and August, asking for feedback, which will be incorporated into the final version. Hogans suggested adding some of the data CSF has compiled to this document. Kimberly Harris pointed out that the last statement in the vision section is a transition into careers. If so, the board needs to work with employers to make sure jobs are available when students graduate.

The issue of the halo effect was raised and may be addressed by the provisions of the expansion program. The expansion program uses money contributed anonymously. In 2013, \$850,000 is expected in the account. Discussion centered around the best use of the money. One suggestion was as incentives to institutions that add classroom slots in STEM and Health Care fields.

Smith asked which board members would be interested in meeting with legislators and requested that a brief meeting with Governor Gregoire be set up by CSF. Smith would like to have feedback on the Expansion Program and have the WSOS Plan updated by the September 10th meeting.

4. Programmatic Implementation

Wilds facilitated a group discussion around the next awarding season, such as the amount of money to award and how the money is distributed, i.e. a greater amount in the last two years of the degree program. Another question centered on helping with addressing college debt. Other suggestions from Wilds for the board to consider were:

- For pre-college strategy, work with Washington STEM to bring partners together.
- Review schools with a high percentage of low-income students to be sure they have the math and science classes needed for STEM degree preparation.
- Front load higher support in math and science at colleges.
- Set up mentoring and internships with companies for high school students who show interest in STEM. CSF has started interviewing a few companies such as Empire, Avista, Children's Hospital, Boeing and Microsoft to find areas of greatest need in their organizations.

CSF will provide a plan with goals, strategies and benchmarks for success at the September board meeting. The next board meeting will also consider scholarship design for Cohort Two. Hogans, Gillespie and Harris agreed to meet with CSF to assist with scholarship design. Jane Broom will meet with Washington STEM and WCAN.

Pollack reported she and Broom have reached out to four marketing and communications firms to request bids on special events, branding, collateral and messaging for WSOS. Events would be

a major focus. Pollack explained the board may choose to split the responsibilities between two different firms to utilize each firm's strengths. The board authorized her to move forward with the companies and secure proposals for Smith to review.

5. Fundraising

Smith gave an update on fundraising to date. He has reached out to the Bill & Melinda Gates Foundation and will submit a formal request following the September board meeting. He would like to create a fundraising strategy prior to the next board meeting. Included in that strategy will be a list of companies from which he will request multi-year gifts.

6. Housekeeping and Announcements

- JLARC staff change was announced.
- Statute changes, including clarification of wording involving investments will be added to next meeting's agenda.
- Adding two additional board members will be discussed at the next meeting.
- Creation of an Investment Committee - Smith asked Craves to work with Joe Gaffney to establish a committee for board approval.

Hogans moved to approve the minutes from the April 20, 2012 meeting. Harris seconded the motion. The motion was unanimously approved.

Smith summarized action items for the September meeting:

- Update of Vision Plan – Fisher
- Scholarship Model – Wilds
- Fundraising Strategy – Smith
- Marketing/Communication Plan— Pollack
- Investment Committee – Craves
- Update on August Legislator Meetings – Pollack

The meeting was adjourned at 12:47 p.m.

Respectfully submitted,
Rebecca Swartz



Washington State Opportunity Scholarship
Legislative Briefings

Draft Summary

Four meetings were held with legislators:

Jim Sinegal and Brad Smith met with Democratic Representative Marcie Maxwell.

Mack Hogans and Brad Smith met first with Democratic Representatives Frank Chopp, Speaker, Ross Hunter, Larry Springer and Reuven Carlyle, and then with Democratic Senators Ed Murray, David Frockt and Tracey Eide.

Terry Gillespie and Brad Smith met with Republican Senators Andy Hill, Steve Litzow and Joe Fain.

Legislators received the draft white paper/vision statement in advance of the meeting and were asked to meet with the WSOS board members to hear an update on their progress to date, as well as provide thoughts and feedback on the document.

The meetings went well—they were engaging, informative and useful in terms of our getting the feedback we need to move forward with the vision statement, as well as setting the stage for the upcoming legislative session. The central question for each of the meetings was: does the board and legislature want to provide larger and fewer scholarships or more, smaller scholarships? There was a lot of talk about revenue and the impact that the McCleary decision will have moving forward.

Some of the high-level feedback we received regarding the vision statement:

1. Specifically mention the concept of high-demand degrees and jobs. Although it is implied in the document now, it was central to the development of the program.
2. Emphasize the problem of degree completion, as well as high student loans. We not only want more students to pursue these degrees, but we need them to complete their degrees.
3. Make a more explicit connection to K-12. Call out that we will engage the after school youth development groups, the network of nonprofit college access/guidance providers and the in-school academic counselors to make them aware of the scholarship opportunity and how to counsel students on preparation, course taking, etc.
4. Make more prominent the notion of a stable endowment as foundational to the success of the program long term.
5. Detail how we are measuring success – for instance, improve college degree completion in these fields, grow BA production, etc.
6. Include description of wrap-around services that might be provided to students.

WASHINGTON STATE OPPORTUNITY SCHOLARSHIP

An Innovative Investment in Washington Students and the State's Future

A unique public-private partnership has come together in Washington State to help students from low- and middle-income families get the education they need to prepare for exciting 21st Century job opportunities in high-demand fields, such as health care and STEM (science, technology, engineering and math). The Washington State Opportunity Scholarship has the potential to change thousands of individual lives and help secure our state's economic future by enabling and encouraging Washington students to attend Washington colleges and universities and prepare for the jobs being created by Washington employers. The vision: 5,000 Washington students each year attending college on scholarships that will provide them with \$25,000 over the course of their college careers to help them complete a health care or STEM degree.

This innovative program is the first of its kind in the nation to bring together government, business and the non-profit community to work together to meet one of the great challenges of the coming decades: Preparing students for the jobs of the 21st Century.

THE PROBLEM

Across the nation, there is growing recognition that the United States must overcome a skills gap that threatens its economic future. In virtually every corner of the country, there is a mismatch between the skills needed by local employers and the skills possessed by those looking to build their careers. Too many young people do not understand the career opportunities available in high demand fields like health care and the STEM disciplines, and are failing to get the education they need to compete for available job opportunities in these areas.

"Every capable, hard-working, and responsible student should be able to afford to go to college. That's not a Democratic dream or a Republican one. It's the American dream."

*--Arne Duncan
US Secretary of Education*

Nowhere is that mismatch more pronounced than here in Washington, where health care and STEM degrees are absolutely critical to the continuing economic strength of our state. Our state is ranked in the top five in the New Economy Index, placing us firmly at the forefront of the nation's movement toward a global, innovation-based new economy. And our workforce is

in the top ten in terms of its concentration of college graduates. However, Washington currently ranks 38th in the nation in bachelor's degrees awarded per capita.

As a result, Washington employers face significant challenges in finding critical talent. Tens of thousands of Boeing engineers will be eligible to retire in the coming decade. Microsoft has

“Providing Washington students access to high quality public higher education is absolutely crucial for their future success, as well as for the continuing health of our state economy. Innovative programs like the Washington State Opportunity Scholarship help provide that access.”

*--Daniel J. Evans
Former Governor, State of Washington
and former President,
The Evergreen State College*

more than 4,500 open positions in key computing and engineering fields. And a recent University of Washington study estimated that the state may be short 20,000 registered nurses by 2020.

Companies – large and small – report challenges finding Washington students with the skills they need.

Too many of the best jobs in these high-demand fields are going not to Washington graduates, but to young people from other states and other nations. This represents an missed opportunity for Washington students. A recent Georgetown University study found that college graduates can expect to earn 84 percent more over their lifetimes than those with only a high school education. And careers in STEM-related fields

provide some of the best job opportunities and earning potential available.

This is especially true for minority students. A recent *Research in Higher Education* study found that minority students who majored in the STEM fields earn 25 percent more than minority students with other majors such as humanities or education – and that differential jumps to 50 percent when those with STEM majors take jobs closely related to their fields of study.

Unless we take bold action, the imbalance between employer needs and local student skills will worsen. We must build a strong pipeline that develops student interest and foundational skills in STEM, beginning in middle school; ensures that students graduate high school ready for college and career; provides increased health care and STEM capacity within our colleges and universities; and ensures that students can complete their degrees in these fields.

The Governor's Higher Education Funding Task Force recommended in 2010 that Washington award 6,000 additional BA and BS degrees each year – with 2,000 of these additional degrees in the STEM fields. But at a time when we need to serve more students, our higher education

system has been hamstrung by severe state budget cuts. Tuition has increased dramatically at Washington's public colleges and universities to make up for these budget cuts, as these institutions have been challenged to maintain program quality. As a result, a much greater share of the cost of a college education in our state now falls directly on the student. In the 1970's, the state budget provided 70 percent of the cost of a public college education; today, students and their families are responsible for 70 percent.

As tuition rates have risen, many students from low- and middle-income families are being forced to put their college plans on hold. Currently, only 28.6 percent of Pell Grant recipients in our state are able to complete their Associate degrees within four years and only 57.3 percent complete their Bachelor's degrees within six years.

Many others are forced to assume a heavier load of student debt in order to complete their studies. Total student loan debt in the U.S. now exceeds credit card borrowing, a fact that is all too real for many Washington students. To secure our economic future and provide opportunities for all, we must find new ways to make a college education accessible for students from all economic backgrounds and to help these students complete their programs of study.

THE SOLUTION

In 2011, the state's business, foundation and philanthropic leaders began working with lawmakers to make new financial aid resources available to state students. Their shared goal is to ensure that more talented, motivated and hard-working Washington students have access to STEM and health care education and job opportunities.

The Washington State Opportunity Scholarship is a first-of-its-kind, public-private partnership dedicated to ensuring that the doors of higher education and the resulting job opportunities in high-demand fields are open to students based on their abilities, interests, commitment and hard work, rather than their family income.

Private donations to the program are matched dollar-for-dollar by state funds. The majority of the money will be directed to providing college scholarships for current students and to building a secure financial aid endowment. By generating additional financial aid funds for future generations of Washington students, this endowment will serve as the foundation for the ongoing success of the program. Donations can also be designated to fund the Washington State Opportunity Expansion Program, which provides incentives and rewards for the state's colleges and universities to increase degree production in health care and STEM fields. By unleashing the institutions' creativity, the program will drive the creation of new models to

build capacity, increase student retention, and better utilize technology to meet the needs of students both on and beyond their campuses.

The goal: \$500 million in private contributions to be matched with state dollars; a total of \$1 billion in new money by the year 2020. It's a bold and aggressive target, but an appropriate one, given the scope of the problem. And it's a fitting goal for a state with a proud history of creating better ways to meet the challenges of the future.

The initiative is unique and has the potential to put Washington State at the forefront of the country in several key respects. It gives individuals and companies in Washington the opportunity to donate scholarship funds with the benefit not only from a charitable tax deduction at the federal level but a 100 percent match from the state. It creates a tax-exempt endowment that cannot be diverted for any other use; it thereby provides scholarships not only for the current generation attending college, but will provide scholarship funding for future generations as well. And it focuses on scholarships for high-demand fields, ensuring that these private and public investments create opportunities for students to go to college, but help the state grow and fill the jobs that will contribute to sustained economic growth.

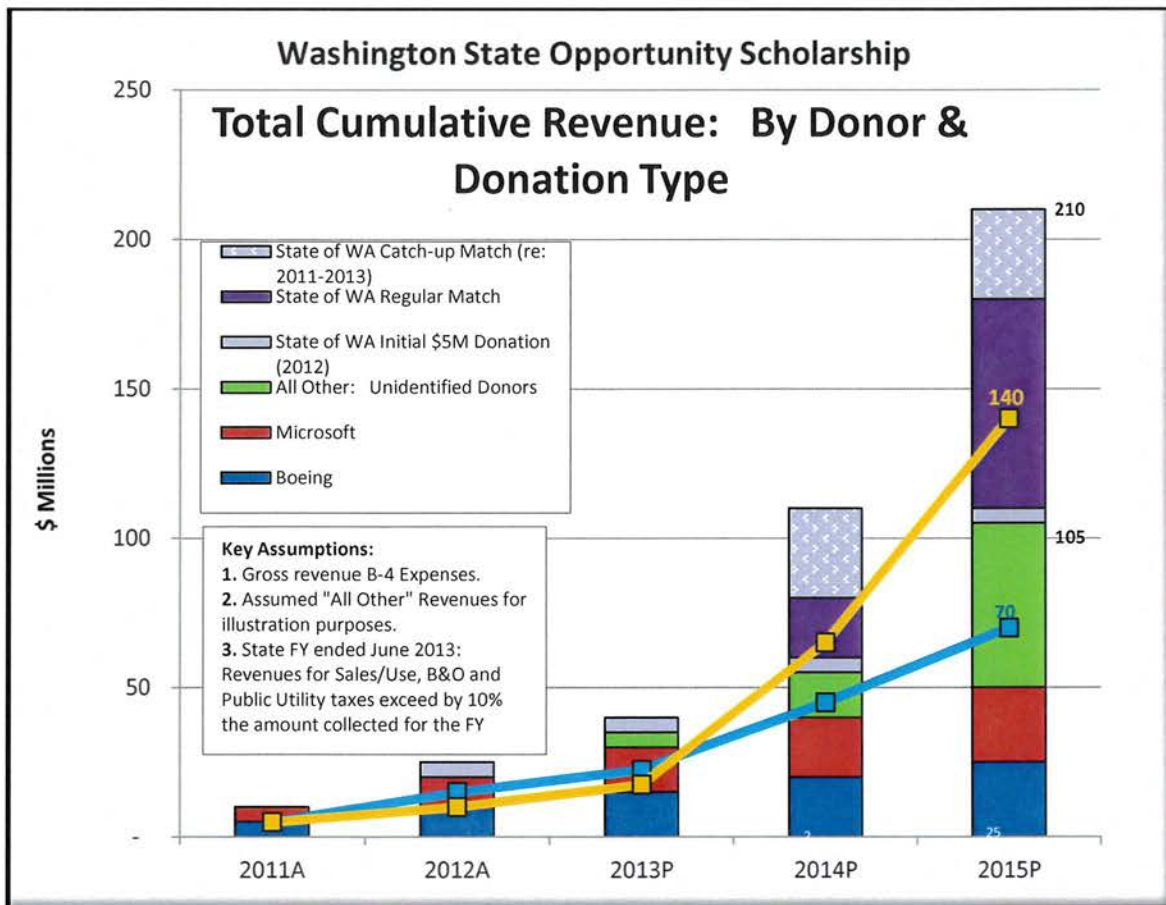
A PROMISING START

To help launch the Washington State Opportunity Scholarship, The Boeing Company and Microsoft Corporation committed a combined \$50 million between 2011 and 2015. Their first contributions toward those pledges, coupled with an initial \$5 million appropriation from the state, are already having an impact in helping thousands of Washington students fulfill their potential.

In the spring of 2012, the first 3,000 students were awarded Washington State Opportunity Scholarships. Selected from a diverse group of some 5,700 applicants, these students come from low- and middle-income families across our state. All have completed their high school careers in Washington with strong GPAs and will be pursuing undergraduate degrees in health care, science, technology, engineering or math at colleges and universities across the state in the coming academic year.

"My family...told me that it would impossible to attend a four-year university without graduating knee-deep in student loans. Your organization allowed me to prove to my family that a college education is well within my reach. I am truly blessed."

*—Andrei Arevalo
2012 Opportunity Scholarship recipient*



These students come from every corner of our state and are attending every public four-year college or university in Washington, more than 30 community or technical colleges, and 15 private institutions across the state (see Appendix A).

The awards were fairly evenly distributed among student classes, with 26 percent of the scholarship recipients about to enter their freshman year of college, 27 percent going to both incoming sophomores and juniors, and the remaining 20 percent awarded to those who will be college seniors this fall. These awards are renewable – up to a total of five years for incoming college freshmen – as long as recipients continue to make appropriate progress toward their chosen degrees. Roughly a third of these awards went to students who are pursuing health care careers, while the remainder went to those pursuing a STEM degree.

The Washington State Opportunity Scholarship must build on this early success if it is to fulfill its promise of changing the lives of thousands of Washington students. The Washington State Opportunity Scholarship Board (see sidebar) intends to maximize the program’s impact by

increasing both the number and the size of the scholarships it provides. The plan calls for 5,000 annual awards that would be big enough to change the college funding equation – and the life trajectory – for the recipients: a total of \$25,000 apiece over their college careers, structured in a way that provides incentives to keep students moving forward and completing their degrees. To achieve this vision by 2016, we'll need to raise an additional \$250 million of private funds, which will be matched by state funds and create a sustainable endowment for the future.

Recognizing that finances alone aren't enough, the Board is developing plans to provide award recipients with a comprehensive set of support services to help them complete their degrees, including mentoring, internships, career advice and increased exposure to leaders in their chosen fields of study.

The Board is also establishing specific accountability metrics to help donors, policymakers and the general public judge the success of the Washington State Opportunity Scholarship. These will include the number of students receiving scholarship awards, increasing their degree completion rates, and increasing health care and STEM degree production to help more Washington students prepare for careers in these high-demand fields.

MOVING AHEAD

The future of the Washington State Opportunity Scholarship and the students it was created to serve now rests in the hands of those making funding decisions about the program – in effect, all of the potential donors across the state. The number of students helped will depend on the number of private donations received from Washington business and philanthropic leaders and on the matching funds provided by state government.

For years, the state of Washington has been home to innovation and technologies that improve the lives of people across the country and around the world. Washington engineers helped launch the space age, and bring people together by making global travel safer and more efficient. Washington researchers were instrumental in mapping the human genome, uncovering new ways to fight disease and blazing new pathways to global health. And Washington software and cellular technology pioneers continue to change the way people live, work, learn and communicate with one another.

If Washington employers are to continue leading the world in creating new and exciting technologies and industries, they must have a growing supply of talented young people. Our challenge is to ensure that Washington students from all backgrounds are prepared to step into those jobs and do great things.

Nurturing and developing our home-grown talent will require Washington's business, government and community leaders to apply our state's unique vision and innovative spirit to one of the major challenges of the 21st Century: Providing opportunities for more students to get the skills they need to succeed in a rapidly changing and globally competitive world. It won't be easy.

But when has that ever stopped us?

MAKING THE VISION A REALITY: A THREE-YEAR PLAN FOR THE WASHINGTON STATE OPPORTUNITY SCHOLARSHIP

Spur interest among students and equip them to pursue degrees in health care and STEM fields

- ✓ Implement a comprehensive marketing plan to build awareness of the Washington State Opportunity Scholarship
- ✓ Create a sense of community among scholarship recipients by organizing events and activities on college campuses
- ✓ Utilize peer-to-peer marketing by enlisting scholarship recipients to reach out to other young people in their local communities
- ✓ Build a stronger health care and STEM education pipeline by working with Washington STEM and other organizations around the state to increase student interest and achievement in high-demand fields
- ✓ Work with after-school programs, networks of non-profit college access/guidance counselors, and in-school academic counselors to build awareness of WSOS and how to prepare and apply

Increase the impact the Washington State Opportunity Scholarship has on its recipients

- ✓ Raise \$70million in private contributions to provide the resources needed to make \$25,000 scholarship commitments to 5,000 students each year
- ✓ Continue to secure state appropriations to match private donations dollar-for-dollar
- ✓ Configure scholarship grants to reward students as they progress toward their degrees
- ✓ Build a comprehensive program of services to support recipients as they complete their degrees and launch their careers
- ✓ Support continued full funding of other state financial aid programs and coordinate efforts with them to meet student needs

Help scholarship recipients who complete their degrees secure employment in Washington State

- ✓ Provide timely and accurate information on job opportunities and employer needs, detailed by industry and by geography
- ✓ Build tighter connections to the business community to provide all recipients with mentorships, internships or other real-world work experiences
- ✓ Develop strong pathways to employment for all scholarship recipients

SIDEBAR:

**WASHINGTON OPPORTUNITY SCHOLARSHIP BOARD OF DIRECTORS AND ADMINISTRATION:
A PROVEN LEADERSHIP TEAM**

A diverse group of Washington business and community leaders have been selected to ensure that Opportunity Scholarship resources are invested prudently and deployed effectively to maximize their impact in helping students across the state pursue their dreams of a college education.

- *Chair:* Brad Smith, Executive Vice President and General Counsel, Microsoft Corporation
- Jim Albaugh, Former President and CEO of Boeing Commercial Airplanes and Executive Vice President, The Boeing Company
- Theresa Gillespie, Co-Founder and Managing Director, Trilogy Partnership
- Jerry Grinstein, Co-Founder and Strategic Director of Madrona Venture Group and former CEO, Delta Air Lines
- Kimberly Harris, President and CEO, Puget Sound Energy
- Mack Hogans, President of Puget Sound BOLD Initiative and Affiliate Professor, School of Forest Resources, University of Washington
- Jim Sinegal, Co-Founder and Director, Costco Wholesale Corporation

The Washington Opportunity Scholarship program is being administered by the non-profit College Success Foundation. CSF has more than a decade of proven experience in successfully awarding scholarships and providing other supports to help low-income students finish not only high school, but also graduate college.

**Appendix A – A Statewide Impact:
College Choices of Year One Washington State Opportunity Scholarship Recipients**

| <i>Community and Technical Colleges</i> | <i>Public Four-Year Colleges and Universities</i> | <i>Private Colleges and Universities</i> |
|---|---|--|
| Bates Technical College (8) | Central Washington Univ. (74) | Bastyr University (16) |
| Bellevue College (24) | Eastern Washington Univ. (114) | Digipen Inst. of Tech. (10) |
| Bellingham Tech. College (17) | The Evergreen St. College (49) | Gonzaga University (78) |
| Big Bend Community Coll. (9) | University of Washington (1079) | Heritage University (12) |
| Cascadia Community Coll. (3) | Univ. of WA – Bothell (60) | ITT Tech Inst. – Seattle (2) |
| Centralia College (6) | Univ. of WA – Tacoma (80) | ITT Tech Inst. – Spokane (1) |
| Clark College (58) | Washington State Univ. (255) | Northwest University (10) |
| Clover Park Tech. College (20) | WA State Univ. – Spokane (29) | Pacific Lutheran Univ. (98) |
| Columbia Basin College (12) | WA State Univ. – Tri-Cities (23) | St. Martin’s University (22) |
| Edmonds Community Coll.(20) | WA State Univ. – Vancouver (62) | Seattle Pacific University (50) |
| Everett Community College (28) | Western Washington Univ. (138) | Seattle University (75) |
| Grays Harbor College (13) | | University of Puget Sound (16) |
| Green River Comm. Coll. (27) | | Walla Walla University (4) |
| Highline Community College (24) | | Whitman College (12) |
| Lake Wash. Inst. of Tech. (7) | | Whitworth College (31) |
| Lower Columbia College (14) | | |
| North Seattle Comm. Coll. (6) | | |
| Olympic College (25) | | |
| Peninsula College (8) | | |
| Pierce College (44) | | |
| Renton Technical College (14) | | |
| Seattle Central Comm. Coll. (33) | | |
| Shoreline Community Coll. (10) | | |
| Skagit Valley College (21) | | |
| South Puget Sound CC (17) | | |
| South Seattle Comm. Coll. (20) | | |
| Spokane Community College (11) | | |
| Spokane Falls Comm. Coll. (10) | | |
| Tacoma Community College (85) | | |
| Walla Walla Comm. Coll. (24) | | |
| Wenatchee Valley College (20) | | |
| Whatcom Community Coll. (25) | | |
| Yakima Valley Comm. Coll. (14) | | |

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Detailed Financials: 5-Year Endowment Model

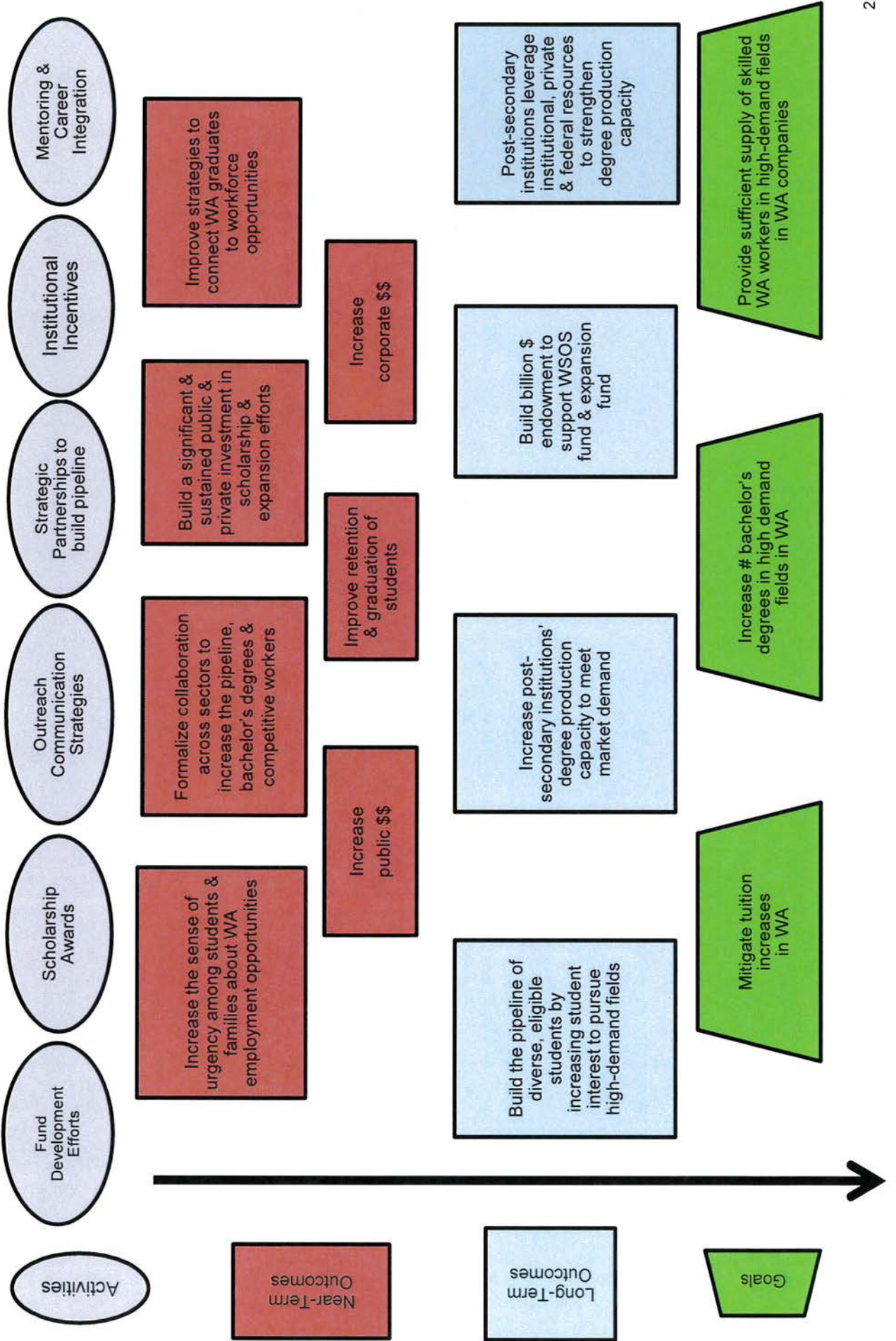
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Scholarship Fundamentals

WA Opportunity Scholarship Business Strategy/Theory of Change



ReCap of Criteria for Cohort 1



| | |
|--------------------------------------|--|
| Color Legend | <ul style="list-style-type: none">• Legislated requirements in selection of Cohort 1• Board-directed requirements in selection of Cohort 1 |
| Amount & Number of Awards | <ul style="list-style-type: none">• \$1000 scholarships awarded to 3000 students |
| Selection Criteria | <ul style="list-style-type: none">• Intention to earn a bachelor's degree in high-demand field• Family income at or below 125% median income based on family size• US citizen or permanent resident (i.e. eligible to complete FAFSA)• Graduated from WA high school• GPA 2.75 or above• Application score based on GPA & year in school• Board-approved high demand fields• Current HS seniors through 4th year college students at 4-year or 2-year institutions eligible to apply |
| Renewal/Duration | <ul style="list-style-type: none">• Multi-year commitment up to bachelor's degree attainment |

Retention Assumptions⁽¹⁾



- Same annual retention rates are assumed for all cohorts.
- If students persist at a higher rate, the model will need to be adjusted.
- 98% of selected and accepted students will enroll for the first fall term.
- 36% of senior scholarship recipients are assumed to need a 5th year to complete a bachelor's degree.
- Projected college completion rate for freshmen WSOS recipients - 57%⁽²⁾ (or 238 of 420)
- Projected college completion rate for all recipients - 73% (or 909 of 1,259)

| Cohort 2 | Status | # of Scholars Retained to Next Year | Retention Rate for Freshmen | # and % of Freshmen Graduating |
|----------|---|-------------------------------------|-----------------------------|---------------------------------|
| 2013-14 | Freshmen | 420 | N/A | |
| 2014-15 | Sophomores | 328 | 78% | |
| 2015-16 | Juniors | 272 | 83% | |
| 2016-17 | Seniors | 250 | 92% | 152 4 yr grads in 57% grad rate |
| 2017-18 | 5 th Year Seniors ⁽³⁾ | 90 ⁽³⁾ | 36% ⁽³⁾ | 238 --57% |

⁽¹⁾Program retention is a function of both normal student attrition from college from year to year and the loss of students who do not persist in an eligible STEM or healthcare field of study from year to year.

⁽²⁾ The combination of these retention factors and the graduation factor (95% assumed once students enroll as college seniors) produces a 57% program bachelor's degree graduation rate for those students who start as new freshmen.

⁽³⁾ The 90 5th year seniors are included in the 250 4th year seniors because we assume that 36% of 4th year seniors will enroll for all or part of a 5th year.

WSOS Award Amount Research Summary

Evidence Justifying Award Levels

Interview Data From Key Washington State Colleges and Universities:

Several Financial Aid Directors at various colleges and universities in the State of Washington were contacted and asked the following question by Vickie Rekow, Director of Scholarship Services, College Success Foundation (August 2012):

Based on the packaging formula for your institution and the financial aid unmet need for your students, what in your opinion would be a scholarship amount that would be significant enough to help students stay enrolled and persist to graduation, but not necessarily replace other grant funding?

1. Kay Lewis, Director of Student Financial Aid - University of Washington
 - a. "Based on the financial unmet need of our students a scholarship amount in the range of \$3,500 to \$6,000 would be significant and would not necessarily replace other funding."
2. Kay Soltis, Director of Financial Aid – Pacific Lutheran University
 - a. "A \$3,000 scholarship would be significant for students on my campus."
3. Clara Capron, Director of Financial Aid – Western Washington University
 - a. "A \$2,000 to \$3,000 scholarship award would make an impact."

Interview with Director of Choose Ohio First Program (8/14/12)

- Ohio residents or graduates from an Ohio high school in STEM disciplines at participating colleges/universities; award grants to these colleges who want to boost STEM majors; campuses proposed how they would build a program around scholarship dollars; no administrative funding on campuses—just scholarship funding for students.
- Minimum of \$1,500/year; ceiling = ½ in-state tuition = \$5,200/year. At some campuses the ceiling covers the total tuition; at others it covers only part of it; campuses set amount they will award each student.
- First year awarded \$7 million, between 450-500 students. Today 5,600 scholars and on track to award \$24 million this year.

Interview with Professor Edward St. John (9/4/12)

Edward St. John is a University of Michigan professor and a national expert on financial aid for low-income students with over thirty years of education policy experience. He serves as Director of the initiative Promoting Equity in Urban and Higher Education, funded by the Ford Foundation, and the University of Michigan's National Center for Institutional Diversity (http://www.soe.umich.edu/people/profile/edward_stjohn/). During an hour-long interview on September 4, 2012, with CSF staff, Professor St. John shared that strong evidence does not exist regarding how different awarding amounts impact student retention and graduation. Instead, he suggests that CSF base the dollar amount of the scholarship on unmet need, determined by the Washington Student Achievement Council's analysis of student financial aid packages. Professor St. John encourages CSF to provide enough funding to students so they avoid private borrowing of commercial loans. Finally, in order to improve student retention in high-demand fields, he suggests that CSF award higher levels of funding to students in their junior and senior years. Since colleges typically front-load financial aid to students, many juniors and seniors have to work in order to pay for college. When students work, they are less likely to take advantage of internships and research assistantships, which are critical for finding employment in STEM and healthcare fields after college graduation. As an example, Professor St. John mentions an awarding model that provides \$1,000 per year to students in their first one to three years, and increasing this amount to \$3,000-\$5,000 in junior and senior years, once students have declared a major in a high-demand field.

Rev. 9.6.12

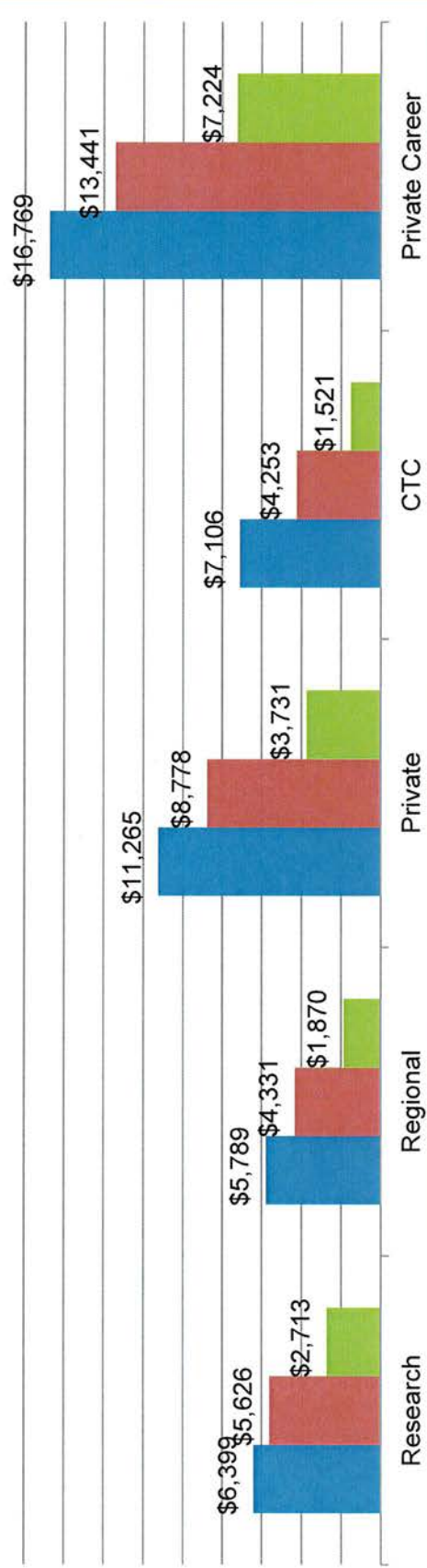
Analysis of Unmet Need



Average Unmet Need
 Full-Time, Full-Year Resident Undergraduates
 Parent PLUS & Unsubsidized loans not included
 2010-2011*

Average Family Income:

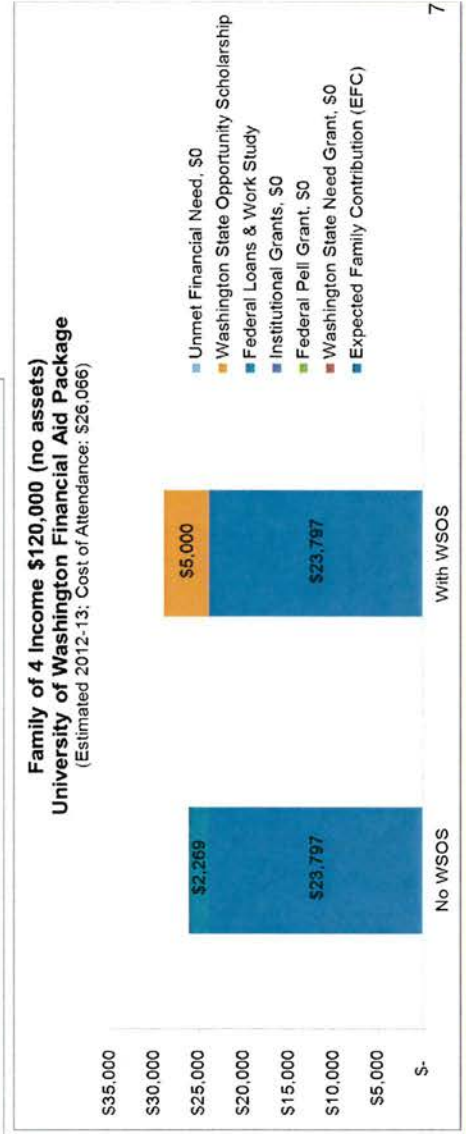
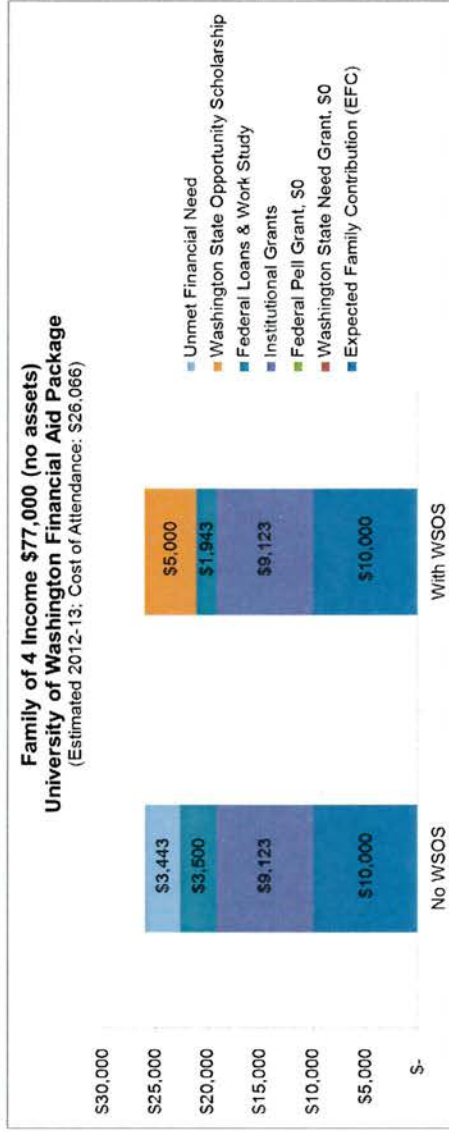
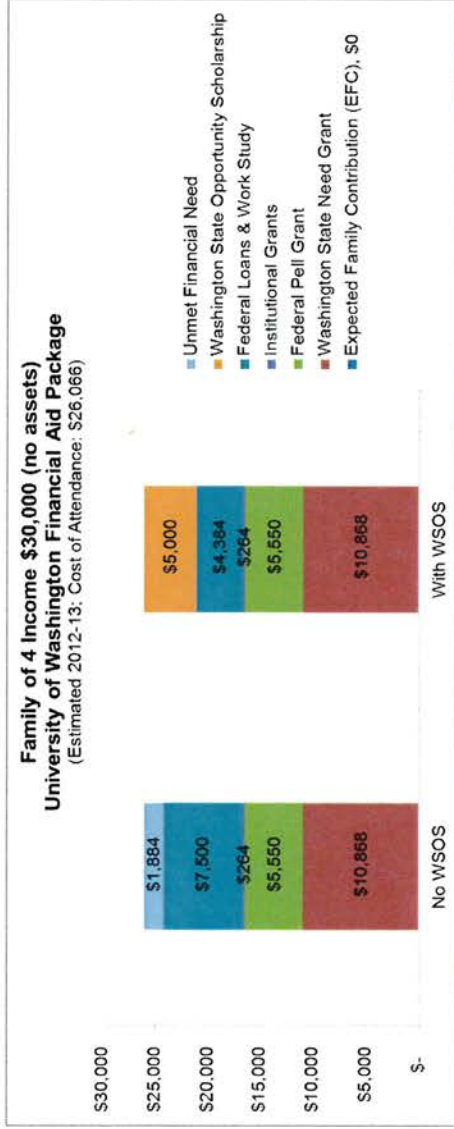
■ \$0-\$70,000 ■ \$71,000-\$125,000 ■ >\$125,000



| Institution Type | 100% of Unmet Need for Moderate-Income Students 2010-2011* |
|----------------------------------|--|
| Research | \$5,625 |
| Regional | \$4,331 |
| Private | \$8,778 |
| CTC | \$4,253 |
| Total Un-weighted Average | \$5,747 |

*Based on Cost of Attendance (COA) and Expected Family Contribution (EFC) using the most recent data available from the Washington Student Achievement Council (WSAC) for 2010-11. Therefore, this calculation doesn't reflect tuition increases since 2010-11, which have averaged a total of ~30% at 4-year publics.

Sample Financial Aid Packages



Selection Criteria Definitions for Cohort 2

What is a scholarship “Read,” and how is CSF recommending it be used in the WSOS selection process for Cohort 2?

An invitation is sent to admission, financial aid and student service officers in colleges throughout Washington State, as well as to other community volunteers who have interest and some expertise in assessing scholarship essays and applications. Training is provided and readers evaluate the written application materials using a scoring rubric based on a system designed by Dr. William Sedlacek of the University of Maryland (author of *Beyond the Big Test*) that identifies traits traditionally demonstrated by underserved students who are successful in earning bachelor’s degrees. Dr. Sedlacek calls these traits “nongenerative variables.” Each file is read by two different readers. The scores are compiled and averaged. The average reader score is added to a GPA score for a “total scholarship score.” The applications are sorted by highest total scholarship score. The final selections are based on that score. The “read” can be one day only, or up to three days, depending on the number of applications received. Usually the read is held at a nearby hotel, with meals and lodging provided, if needed. Readers may work on a voluntary basis or be given a stipend to participate.

Six Non-cognitive Variables Used in “Read” Selection Approach

- Goal Setting - Measures the student’s ability to plan ahead, set goals, and work towards those goals though gratification of having material possessions, e.g. a car, money, and/or a nice place to live may have to be deferred.
- Realistic Self-Appraisal: Measures the extent to which the student recognizes his/her strengths and deficiencies, especially academic, and works hard at self-development.
- Support Person: Measures whether the student seeks and/or turns to a mentor or other strong support person for encouragement or in a crisis.
- Leadership: Measures the leadership the student has demonstrated in any area (e.g. church, sports, community, academic, family and non-educational groups).
- Community Service: Measures the student’s participation and involvement in the community.
- Navigating Society: Measures whether the student understands how things get done and how he/she is affected in a given social system, especially one designed by others and in which he/she may be at a disadvantage. Takes into account the ways in which the student acts positively, effectively, and assertively to move forward.

Scholarship Algorithm as a Selection Approach

A scholarship algorithm approach is assigning a score to pre-determined scholarship questions and then summing the score of each question to arrive at a “total application score.” The total application score is added to a GPA score for a “total scholarship score.” The applications are sorted by the highest total scholarship score. The final selections are based on that score. For example, advantage in the selection process might be given to those students who have participated in a College Readiness Program. A “yes” to “Have you participated in a College Readiness Program?” would result in that application being given a higher score than one with a “no” answer.

Sample Essay Questions Related to Non-Cognitive Variables*

1. What are your educational and career goals? What specific steps have you already taken on the path to reaching them? What personal challenges could keep you from achieving your goals, and how are you addressing them?
2. What living person do you most often turn to for support and advice? Describe a recent difficult situation when that person helped you. How would you access support if he or she did not have the knowledge to help you?
3. Explain how you contribute to the well-being of your family, school, workplace, community, or place of worship. What have you gained and/or learned from that experience?
4. Describe a time when you faced a challenge as a result of your family's educational level, cultural background and/or financial status. Explain in detail how you worked through the situation. How have these types of experiences influenced your day-to-day actions and/or your goals for the future?

*Additional questions will be added that relate to entrance to STEM and Healthcare fields.

WSOS
Ten Year Financial Projections
Model 5.1 w/ Endowment Fully Funded in **5 Years**

2012 - 2021

As of October 10, 2012

WSOS Awards and Costs for 10 Cohorts

| Scholarship Annual Award Values were \$1000 for all Cohort 1 Classes in 2012-13, Tiered Amounts for All Cohorts in 2013-14 and \$5000 in 2014 and Beyond | | | | | | | | | | | | | | | |
|--|--------|-----------------------|--|--------------|--------------|--------------|-------------|--------------------|------------------------------------|---------------------------------------|----------------------------|------------------------------|--|---|----------------------------------|
| Model Tab Name | Cohort | First Fall Enrollment | Number of Scholarships First Year Enrollment | New Freshmen | New Soph. | New Juniors | New Seniors | Fifth Year Seniors | BLENDED AMOUNTS Fresh & Soph Years | Blended AMOUNTS Junior & Senior Years | Projected Costs Per Cohort | Projected Bachelor's Degrees | Projected Bachelor's Degree Rate of All Recipients | Projected Bachelor's Degree Rate of Freshman Recipients | Total Annual Award Disbursements |
| C1 | 1 | 2012 | 2,996 | 765 | 815 | 816 | 599 | | \$ 1,000 | \$ 5,000 | \$22,972,595 | 2,307 | 77% | 57% | 7469 |
| C2 | 2 | 2013 | 760 | 254 | 253 | 253 | 0 | | \$ 1,000 | \$ 5,000 | \$7,762,380 | 548 | 72% | 57% | 2116 |
| C3 | 3 | 2014 | 971 | 324 | 323 | 323 | 0 | | \$ 1,000 | \$ 5,000 | \$9,926,145 | 701 | 72% | 57% | 2706 |
| C4 | 4 | 2015 | 1,060 | 354 | 354 | 353 | 0 | | \$ 5,000 | \$ 5,000 | \$14,771,884 | 765 | 72% | 57% | 2954 |
| C5 | 5 | 2016 | 1,157 | 386 | 386 | 385 | 0 | | \$ 5,000 | \$ 5,000 | \$16,123,231 | 835 | 72% | 57% | 3225 |
| C6 | 6 | 2017 | 3,071 | 1024 | 1024 | 1023 | 0 | | \$ 5,000 | \$ 5,000 | \$42,781,617 | 2,217 | 72% | 57% | 8556 |
| C7 | 7 | 2018 | 1,360 | 454 | 454 | 453 | 0 | | \$ 5,000 | \$ 5,000 | \$18,948,774 | 982 | 72% | 57% | 3790 |
| C8 | 8 | 2019 | 1,657 | 553 | 553 | 552 | 0 | | \$ 5,000 | \$ 5,000 | \$23,084,714 | 1,196 | 72% | 57% | 4617 |
| C9 | 9 | 2020 | 1,838 | 613 | 613 | 613 | 0 | | \$ 5,000 | \$ 5,000 | \$25,609,552 | 1,327 | 72% | 57% | 5122 |
| C10 | 10 | 2021 | 1,873 | 624 | 624 | 624 | 0 | | \$ 5,000 | \$ 5,000 | \$26,085,088 | 1,352 | 72% | 57% | 5217 |
| TOTALS FOR ALL COHORTS | | | 16,744 | 5,352 | 5,399 | 5,395 | 599 | | | | \$208,065,979 | 12,229 | 73% | 57% | 45,772 |

Washington State Opportunity Scholarship Program

Key Assumptions

Projected as of 12-31-2011 to 12-31-2021
\$'s

MODEL: v 5.1 Fully Funded Endowment End of 2016

A. Compliance with UPMIFA

- 1) Increased reporting will be required.

B. Model Assumptions

- 1) Use Model: v 5.1 for Scholarship Commitments and Expenditures.
- 2) Scholarship award amounts are constant each year; no inflation
- 3) Fundraising annual amounts are set to equal the amount of scholarship commitments for each cohort.
- 4) CSF Management fee inflation rate is 3% per year.
- 5) The Administration fee is allocated to the Endowment Fund based on the ratio of net endowment investment income to Scholarship expenses in 2014 - 2017; thereafter it is allocated 50/50 between the Scholarship Account and Endowment Fund.
- 6) Donations received are 50% to Scholarship and 50% to Endowment in 2011 - 2013; 4% to Scholarship and 96% to Endowment in 2014 - 2015; the 5% to Scholarship and 95% to Endowment in 2016
- 7) The Endowment becomes funded for 5,000 scholarships beginning in 2017.
- 8) Investment returns before investment management fees increase to 5% for the Scholarship Account and 7% for the Endowment Fund.
- 9) The WA state match is deferred until the beginning of 2014 and current year and catch-up Matches are made in 2014.
- 10) Accrual for each Cohort's five years of expenditures is made in the year of award, which is assumed to be April of the year of fall attendance at college, and reduced as annual expenditures are made and to the extent that fundraising is not sufficient to cover the full five year accrual, then the accrual will be made to the extent that "funds are available".

C. Key Deviations from GAAP

- 1) No discount to Present Value computed for Scholarship Expense.
- 2) No accrual made for current year Investment Fees, which are paid in the following year.

Washington State Opportunity Scholarship Program

Key Assumptions

Projected as of 12-31-2011 to 12-31-2021
\$'s

MODEL: v 5.1 Fully Funded Endowment End of 2016

D.

Opportunity Scholarship Program: Public Private Partnership Scholarship Projections

Projected For the Years Ended December 31, 2011 to December 31, 2021

Model: v 5.1

| FALL START | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | By Cohort |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-----------|-----------|-----------|-----------|-------------|
| C-1 | 2,995,860 | 2,995,860 | 8,813,708 | 3,000,028 | 820,560 | 272,119 | 1,403,523 | 349,896 | 6,657,616 | 1,697,312 | 486,483 | 532,568 | 657,708 | 659,766 | 659,766 | C-1 |
| C-2 | | | 2,410,330 | 2,205,662 | 1,803,410 | 1,403,523 | 1,345,395 | 1,279,286 | 6,657,616 | 1,697,312 | 2,405,725 | 2,468,837 | 2,717,104 | 2,717,104 | 2,717,104 | C-2 |
| C-3 | | | 1,770,860 | 1,082,766 | 2,420,310 | 3,403,895 | 3,403,895 | 3,403,895 | 6,657,616 | 1,697,312 | 5,318,660 | 5,437,829 | 3,174,813 | 3,174,813 | 3,174,813 | C-3 |
| C-4 | | | 2,264,780 | 3,391,820 | 4,879,900 | 3,961,868 | 3,961,868 | 1,688,595 | 413,957 | 9,363,000 | 7,696,889 | 8,699,334 | 3,374,813 | 3,374,813 | 3,374,813 | C-4 |
| C-5 | | | | | | | | | | | | | | | | C-5 |
| Endowment Fully Funded in 10 Years | | | | | | | | | | | | | | | | |
| C-6 | | | | | | | | | | | | | | | | C-6 |
| C-7 | | | | | | | | | | | | | | | | C-7 |
| C-8 | | | | | | | | | | | | | | | | C-8 |
| C-9 | | | | | | | | | | | | | | | | C-9 |
| C-10 | | | | | | | | | | | | | | | | C-10 |
| Cost per Year | 2,995,860 | 20,584,568 | 11,617,548 | 13,990,258 | 15,001,788 | 24,099,307 | 25,001,026 | 25,000,396 | 25,002,079 | 25,001,812 | 16,127,726 | 8,699,334 | 3,374,813 | 659,766 | 659,766 | Total |
| Amounts by Year | 22,927,595 | 7,762,380 | 9,926,145 | 18,771,884 | 16,123,231 | 42,783,637 | 18,548,724 | 21,094,714 | 25,009,552 | 25,005,098 | | | | | | |
| Balance of Scholarship Commitments @ Year End | 15,926,725 | 17,134,436 | 15,463,144 | 16,244,771 | 17,266,034 | 31,148,323 | 29,009,071 | 27,180,380 | 27,787,883 | 26,371,138 | | | | | | |
| Reconciliation: | | | | | | | | | | | | | | | | |
| Total Cost of Cohorts 1 - 10 | | | | | | | | | | | 12,743,412 | 4,044,078 | 669,266 | (0) | (0) | |
| Less: \$'s Actual | | | | | | | | | | | | | | | | 208,065,979 |
| Total \$'s Expenditures | | | | | | | | | | | | | | | | 128,193,181 |
| | | | | | | | | | | | | | | | | 708,935,979 |

Washington State Opportunity Scholarship Program

Key Assumptions

Projected as of 12-31-2011 to 12-31-2021
\$'s

MODEL: v 5.1 Fully Funded Endowment End of 2016

E.

Endowment Investment Balance

Balance Needed to Fund \$25M Scholarships Per Year

Millions \$

| | |
|------------------------------|-------------|
| Scholarship Expenditures | 25.0 |
| Admin fees | 0.6 |
| Total Expenditures | <u>25.6</u> |
| Endowment Investment Balance | 399.9 |
| Net Investment Earnings | 26.0 |
| Net Surplus (Deficit) | <u>0.4</u> |

Washington State Opportunity Scholarship Program

Key Assumptions

Projected as of 12-31-2011 to 12-31-2021

\$'s

MODEL: v 5.1 Fully Funded Endowment End of 2016

E.

Outcomes: Return on Investment

Whole \$

| | C-1 thru C-5 ⁽¹⁾ Five Years 2012 - 2016 | | | | | C-6 thru C-10 ⁽²⁾ Five Years 2017 - 2021 | | | | | Total All Cohorts Ten Years 2012 - 2021 | | | | | | | | | | | |
|---|--|-------|------|-------|------|---|------|-------|------|-------|---|-------|------|-------|------|--------|------|--------|------|-------|--|--|
| 1 Total Number of Students Enrolled Annually: | 2012 | 2,996 | 2013 | 3,000 | 2014 | 3,000 | 2015 | 3,000 | 2016 | 3,000 | 2017 | 5,000 | 2018 | 5,000 | 2019 | 5,000 | 2020 | 5,000 | 2021 | 5,000 | | |
| 2 Average Number of Students Awarded Scholarships & Enrolled Annually | | | | | | | | | | | 2,999 | | | | | 5,000 | | | | | | |
| 4 Number of New Students Awarded Scholarships and Enrolled Annually: | 2012 | 2,996 | 2013 | 760 | 2014 | 971 | 2015 | 1,060 | 2016 | 1,157 | 2017 | 3,071 | 2018 | 1,360 | 2019 | 1,657 | 2020 | 1,838 | 2021 | 1,873 | | |
| 5 Average Number of New Students Awarded Annually | | | | | | | | | | | 1,389 | | | | | 1,960 | | | | | | |
| 6 Total Number of Students Awarded Scholarships and Enrolled Annually | | | | | | | | | | | 6,944 | | | | | 9,799 | | 16,743 | | | | |
| 7 Number of Students Receiving Bachelors Degrees in Technical Field | | | | | | | | | | | | | | | | 12,229 | | | | | | |
| 8 Graduation Rate | | | | | | | | | | | | | | | | 73% | | | | | | |

Notes:

- (1) The last Student from C-1 / C-5 graduates in 2021
- (2) The last Student from C-6 / C-10 graduates in 2026

WSOS
Cash Flow Proj 2011 - 21
 Projection 12/31/2011 to 12/31/21
 MOBILE v.3.1

| | 2011 | | 2012 | | 2013 | | 2014 | | 2015 | | 2016 | | Total Five Years | |
|---|-------------|------------|-------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|------------------|-------------|
| | Scholarship | Endowment | Scholarship | Endowment | Scholarship | Endowment | Scholarship | Endowment | Scholarship | Endowment | Scholarship | Endowment | Scholarship | Endowment |
| Contributions, Foundations & Individuals | | | | | | | | | | | | | | |
| Beving | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 |
| Microsoft | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 |
| All Other: Unidentified | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Private C.F.R.I | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 |
| % Allocated to the S-Account | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% |
| State of Washington | - | 5,000,000 | - | 5,000,000 | - | 5,000,000 | - | 5,000,000 | - | 5,000,000 | - | 5,000,000 | - | 5,000,000 |
| State Initial SSM Donation | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| State Match: Catch-up Donation | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| State Match Donation | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total State of WA | - | 5,000,000 | - | 5,000,000 | - | 5,000,000 | - | 5,000,000 | - | 5,000,000 | - | 5,000,000 | - | 5,000,000 |
| Total Private & State Revenue | 5,000,000 | 10,000,000 | 5,000,000 | 10,000,000 | 5,000,000 | 10,000,000 | 5,000,000 | 10,000,000 | 5,000,000 | 10,000,000 | 5,000,000 | 10,000,000 | 5,000,000 | 10,000,000 |
| Cumulative Donations | 5,000,000 | 10,000,000 | 10,000,000 | 20,000,000 | 25,000,000 | 35,000,000 | 40,000,000 | 45,000,000 | 50,000,000 | 55,000,000 | 60,000,000 | 65,000,000 | 70,000,000 | 75,000,000 |
| Expenses | | | | | | | | | | | | | | |
| Scholarship | - | - | 2,995,860 | - | 2,995,860 | 10,594,568 | - | 10,594,568 | 11,617,548 | 13,990,256 | 15,001,988 | 15,001,988 | 54,190,221 | 21,799,032 |
| Transfer Endowment fee to Schol | - | - | - | - | - | (1,086,487) | - | (1,086,487) | (6,231,740) | 6,231,740 | (14,466,805) | 14,466,805 | (21,799,032) | 21,799,032 |
| Investment Management Fee | - | - | 68 | - | 68 | 136,153 | - | 136,153 | 272,307 | 544,614 | 1,089,228 | 1,089,228 | 4,074,649 | 1,955,820 |
| Administration Fee | 257,667 | 257,667 | 947,580 | - | 947,580 | 976,027 | - | 976,027 | 976,027 | 976,027 | 976,027 | 976,027 | 3,704,475 | 1,584,023 |
| Total Expenses | 257,667 | 257,667 | 3,943,508 | - | 3,943,508 | 11,624,129 | - | 11,624,129 | 12,840,013 | 15,070,299 | 17,472,861 | 17,472,861 | 35,503,312 | 25,228,975 |
| Cash Flow B4 Investments | 4,742,333 | 5,000,000 | 16,096,492 | 15,000,000 | 31,096,492 | (4,124,429) | 7,837,500 | 16,096,518 | 16,096,625 | 107,970,416 | 3,458,399 | 63,067,740 | 32,556,688 | 347,551,125 |
| Investment Income | 519 | 466 | 985 | 4,116 | 8,700 | 655,781 | 1,304,531 | 1,268,622 | 7,229,584 | 8,498,205 | 1,642,650 | 18,374,911 | 1,719,727 | 23,889,854 |
| Cash Flow | 4,742,852 | 5,000,466 | 16,097,477 | 15,004,116 | 31,095,192 | (3,868,647) | 8,742,031 | 17,365,140 | 17,365,205 | 116,200,621 | 5,174,126 | 101,442,651 | 34,276,415 | 471,440,979 |

WSOS
Cash Flow Proj 2011 - 21
Projection 12/31/2011 to 12/31/21
MOBILE v.1

| | 2017 | | 2018 | | 2019 | | 2020 | | 2021 | | Total 2011 - 2021 | |
|---|---------------|--------------|-------------|--------------|--------------|-------------|--------------|--------------|-------------|--------------|-------------------|-------------|
| | Scholarship | Endowment | Scholarship | Endowment | Scholarship | Endowment | Scholarship | Endowment | Scholarship | Endowment | Scholarship | Endowment |
| | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total |
| 69,120,000 | 372,880,000 | 482,000,000 | 69,120,000 | 372,880,000 | 482,000,000 | 69,120,000 | 372,880,000 | 482,000,000 | 69,120,000 | 372,880,000 | 482,000,000 | 442,000,000 |
| Contributions, Foundations & Individuals | | | | | | | | | | | | |
| Bearing | - | - | - | - | - | - | - | - | - | - | - | - |
| Microsoft | - | - | - | - | - | - | - | - | - | - | - | - |
| All Other: Unidentified | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Private C/F/I | 15% | 65% | 10% | 90% | 15% | 85% | 15% | 85% | 15% | 85% | 15% | 80% |
| % Allocated to the S-Account | | | | | | | | | | | | |
| State of Washington | | | | | | | | | | | | |
| State Initial 55M Donation | - | - | - | - | - | - | - | - | - | - | - | - |
| State Match: Catch-up Donation | - | - | - | - | - | - | - | - | - | - | - | - |
| State Match Donation | - | - | - | - | - | - | - | - | - | - | - | - |
| Total State of WA | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Private & State Revenue | 69,120,000 | 372,880,000 | 69,120,000 | 372,880,000 | 69,120,000 | 372,880,000 | 69,120,000 | 372,880,000 | 69,120,000 | 372,880,000 | 69,120,000 | 372,880,000 |
| Cumulative Donations | | | | | | | | | | | | |
| 24,999,307 | 21,192,484 | 24,999,307 | 24,376,404 | 25,001,026 | 25,000,396 | 25,002,079 | 25,000,812 | 25,000,812 | 25,001,812 | 25,001,812 | 25,001,812 | 25,000,000 |
| (21,192,484) | 1,765,143 | 1,942,215 | 1,931,146 | 2,174,458 | 2,177,344 | 2,179,376 | 2,179,676 | 2,179,676 | 2,179,676 | 2,179,676 | 2,179,676 | 2,179,676 |
| 176,272 | 931,228 | 1,098,505 | 565,730 | 1,131,460 | 582,792 | 582,792 | 600,183 | 600,183 | 600,183 | 600,183 | 600,183 | 600,183 |
| 4,150,373 | 23,889,854 | 28,040,227 | 1,373,574 | 26,933,370 | 28,306,944 | 1,303,250 | 27,039,893 | 28,343,143 | 1,338,500 | 27,043,621 | 28,382,121 | 1,376,373 |
| (4,150,373) | (23,889,854) | (28,040,227) | (1,373,574) | (26,933,370) | (28,306,944) | (1,303,250) | (27,039,893) | (28,343,143) | (1,338,500) | (27,043,621) | (28,382,121) | (1,376,373) |
| 1,788,414 | 26,933,370 | 28,721,784 | 1,739,736 | 27,039,893 | 28,779,629 | 1,759,802 | 27,043,621 | 28,809,474 | 1,781,749 | 27,043,752 | 28,825,500 | 1,802,964 |
| (2,361,939) | 3,043,516 | 681,577 | 366,162 | 472,685 | 456,552 | 3,728 | 460,280 | 443,249 | 130 | 443,379 | 436,592 | 426,896 |
| Cash Flow | | | | | | | | | | | | |
| Expenses | | | | | | | | | | | | |
| Scholarship | 179,194,841 | 140,686,580 | 158,525 | 11,710,731 | 6,238,556 | 4,882,054 | 11,200,010 | 15,279,865 | 23,014,618 | 215,600,635 | 238,615,453 | 179,194,841 |
| Transfer Endowment Inc to Schol | (140,686,580) | | | | | | | | | | | |
| Investment Management Fee | 1,358,525 | 1,358,525 | 1,358,525 | 1,358,525 | 1,358,525 | 1,358,525 | 1,358,525 | 1,358,525 | 1,358,525 | 1,358,525 | 1,358,525 | 1,358,525 |
| Administration Fee | 6,238,556 | 6,238,556 | 6,238,556 | 6,238,556 | 6,238,556 | 6,238,556 | 6,238,556 | 6,238,556 | 6,238,556 | 6,238,556 | 6,238,556 | 6,238,556 |
| Total Expenses | 183,372,452 | 148,283,661 | 176,457,662 | 130,347,822 | 130,430,687 | 132,680,072 | 133,636,926 | 134,816,956 | 136,017,459 | 139,237,771 | 141,412,584 | 141,412,584 |
| Cash Flow B4 Investments | | | | | | | | | | | | |
| Investment Income | | | | | | | | | | | | |
| 37,179,157 | 369,865,938 | 457,045,096 | | | | | | | | | | |

Washington State Opportunity Scholarship

Balance Sheet : Fully Funded Endowment by End of 2021

Projected as of 12-31-2011 to 12-31-2021

\$'s

MODEL: v 5.1

| | As of December 31, | | | | | | | | | | |
|---|--------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| | (Actual) | | | | | | | | | | |
| Assets | | | | | | | | | | | |
| Cash & Investments | 10,000,984 | 40,887,475 | 46,163,228 | 219,823,860 | 342,511,075 | 434,649,383 | 435,333,607 | 435,809,038 | 436,272,147 | 436,718,440 | 437,148,037 |
| Total Assets | 10,000,984 | 40,887,475 | 46,163,228 | 219,823,860 | 342,511,075 | 434,649,383 | 435,333,607 | 435,809,038 | 436,272,147 | 436,718,440 | 437,148,037 |
| Liabilities and Net Assets | | | | | | | | | | | |
| Accounts Payable | 257,666 | 78,965 | 81,334 | 83,774 | 86,287 | 88,876 | 91,542 | 94,288 | 97,117 | 100,030 | 103,031 |
| Scholarship Commitments | - | 19,976,735 | 17,154,546 | 15,463,144 | 16,244,771 | 17,366,014 | 35,148,323 | 29,096,071 | 27,180,389 | 27,787,863 | 28,871,138 |
| Total Liabilities | 257,666 | 20,055,700 | 17,235,880 | 15,546,917 | 16,331,058 | 17,454,890 | 35,239,866 | 29,190,360 | 27,277,506 | 27,887,893 | 28,974,169 |
| Net Assets | 9,743,318 | 20,831,775 | 28,927,348 | 204,276,942 | 326,180,017 | 417,194,494 | 400,093,741 | 406,618,678 | 408,994,641 | 408,830,547 | 408,173,868 |
| Total Liabilities and Net Assets | 10,000,984 | 40,887,475 | 46,163,228 | 219,823,860 | 342,511,075 | 434,649,383 | 435,333,607 | 435,809,038 | 436,272,147 | 436,718,440 | 437,148,037 |

Washington State Opportunity Scholarship

Income Statement: Fully Funded Endowment by End of 2021

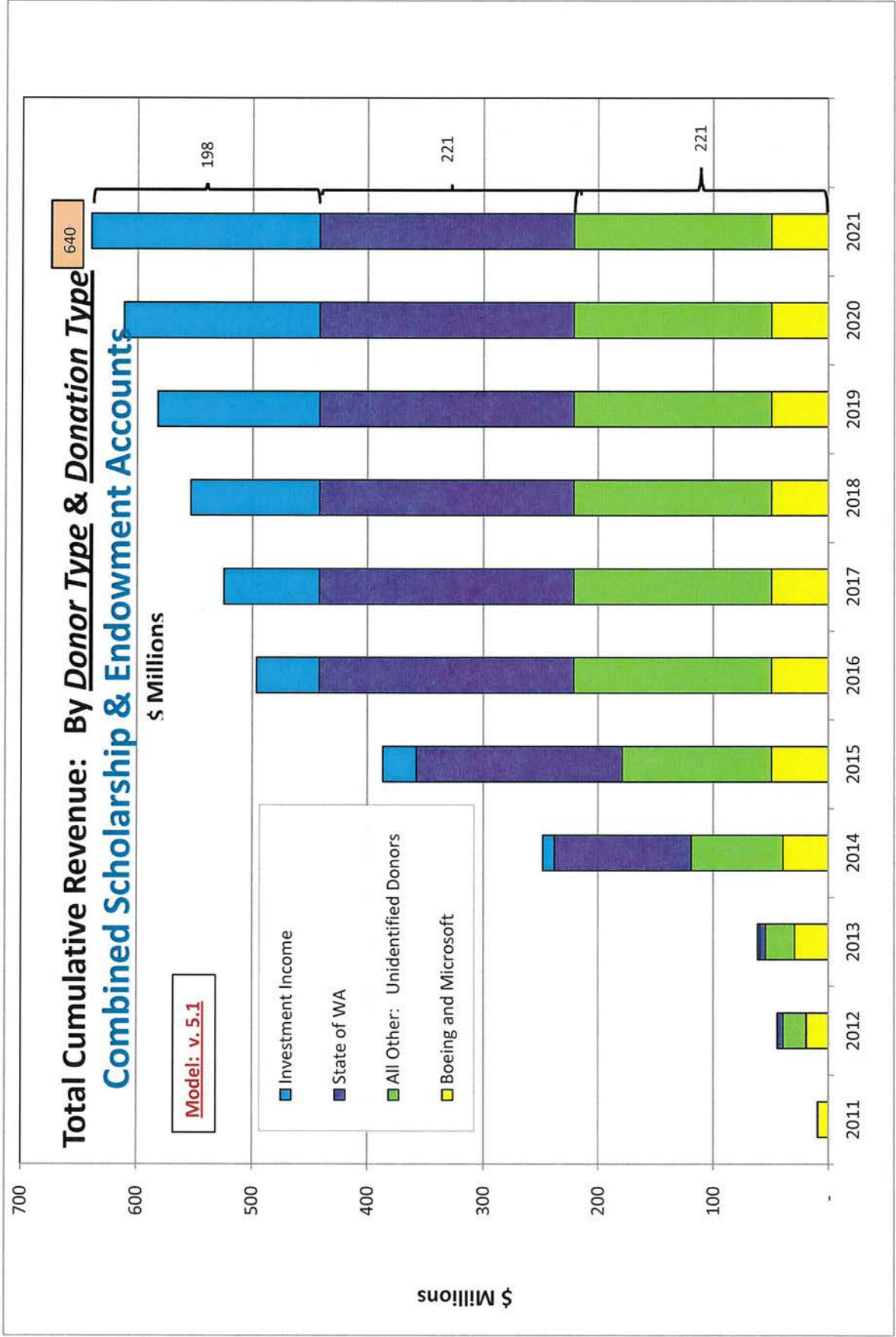
Projected For the Years Ended December 31, 2011 to December 31, 2021

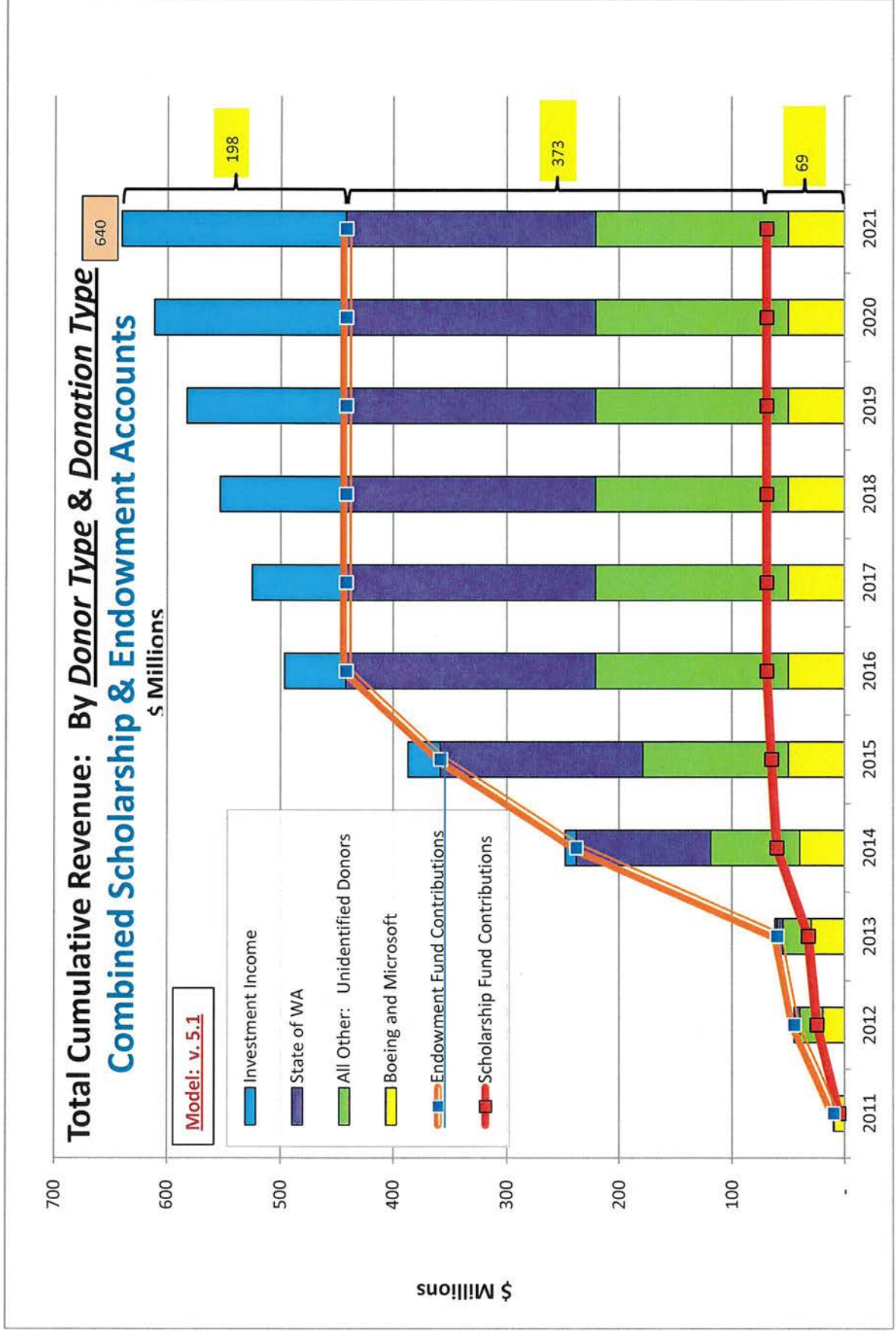
\$'s

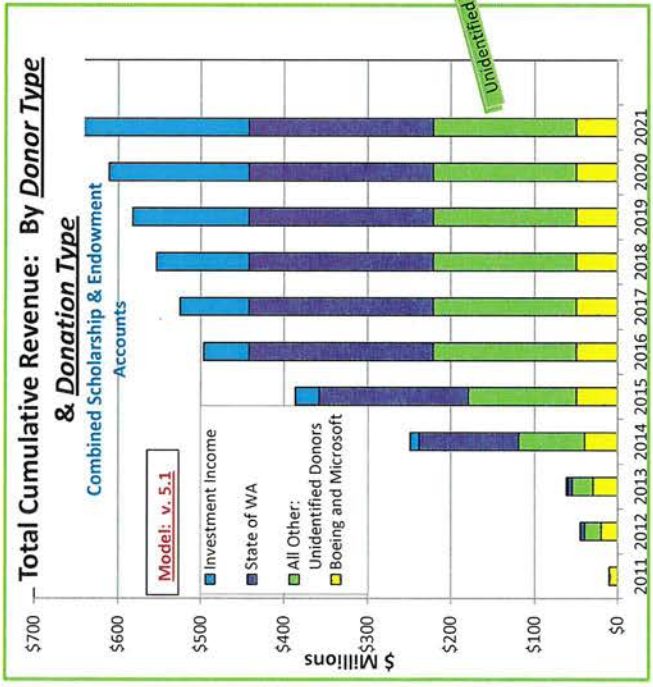
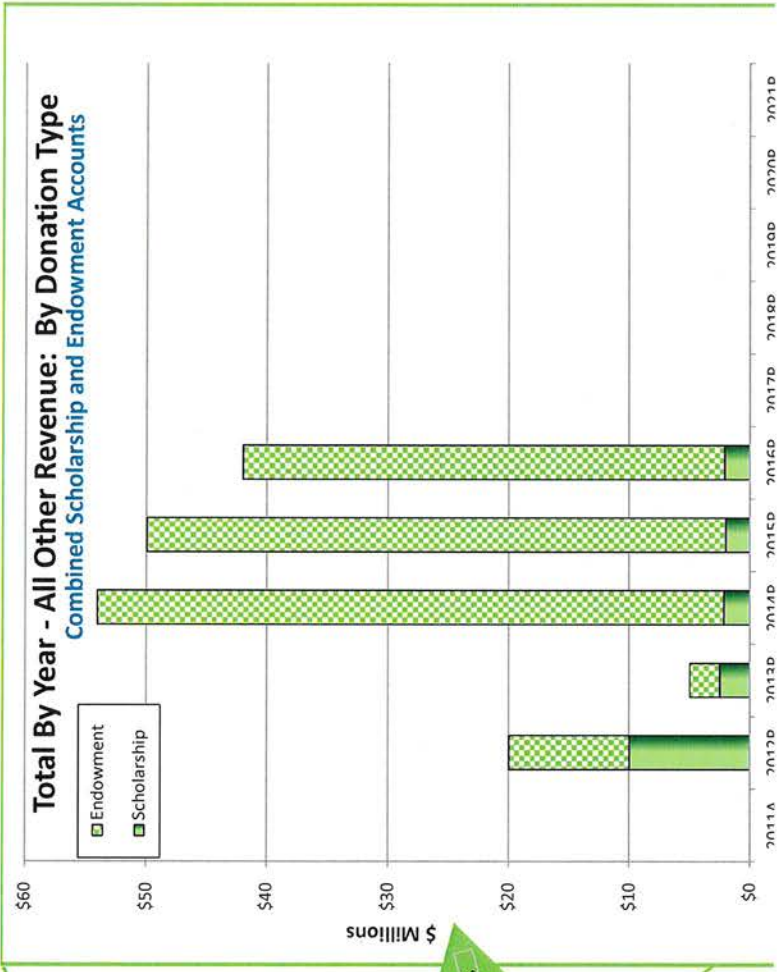
MODEL: v 5.1

| Inception To Date | For the Calendar Year | | | | | | | | | | | Totals | |
|--------------------------------------|--------------------------|--------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | 2011 (Actual Six Mos) | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | | |
| Scholarship Revenue | | | | | | | | | | | | | |
| Scholarship GAAP Revenue | 10,000,000 | 35,000,000 | 15,000,000 | 178,000,000 | 120,000,000 | 84,000,000 | - | - | - | - | - | - | 442,000,000 |
| Scholarship Expense | (67,379,389) | (22,972,595) | (7,762,360) | (9,826,145) | (14,771,884) | (16,123,231) | (42,781,617) | (18,948,774) | (23,084,714) | (25,609,552) | (26,085,088) | (26,085,088) | (208,065,879) |
| Total Scholarship Net Revenue | 10,000,000 | 12,027,405 | 7,237,620 | 168,073,855 | 105,228,116 | 67,876,769 | (42,781,617) | (18,948,774) | (23,084,714) | (25,609,552) | (26,085,088) | (26,085,088) | 233,934,021 |
| Program Expenses | | | | | | | | | | | | | |
| Professional Fees | 257,667 | 947,580 | 976,007 | 1,005,288 | 1,035,446 | 1,066,510 | 1,098,505 | 1,131,460 | 1,165,404 | 1,200,366 | 1,236,377 | 1,236,377 | 11,120,610 |
| Investment Management Fees | - | 68 | 126,353 | 217,178 | 664,507 | 1,405,364 | 1,942,415 | 2,174,458 | 2,177,344 | 2,179,676 | 2,181,935 | 2,181,935 | 13,069,296 |
| Total Program Expense | 257,667 | 947,648 | 1,102,360 | 1,222,465 | 1,699,953 | 2,471,873 | 3,040,920 | 3,305,918 | 3,342,747 | 3,380,042 | 3,418,312 | 3,418,312 | 24,189,906 |
| Net Surplus (Deficit) | 9,742,333 | 11,079,757 | 6,135,260 | 166,851,389 | 103,528,163 | 65,404,896 | (45,822,537) | (22,254,692) | (26,427,461) | (28,989,594) | (29,503,400) | (29,503,400) | 209,744,115 |
| Investment Income | 985 | 8,700 | 1,980,313 | 8,498,205 | 18,374,911 | 25,609,581 | 28,721,784 | 28,779,629 | 28,803,424 | 28,825,500 | 28,846,721 | 28,846,721 | 198,429,753 |
| Total Net Surplus (Deficit) | 9,743,318 | 11,088,457 | 8,095,573 | 175,349,595 | 121,903,074 | 91,014,477 | (17,100,753) | 6,524,937 | 2,375,962 | (164,094) | (656,679) | (656,679) | 408,173,868 |
| Net assets - beginning of year | - | 9,743,318 | 20,831,775 | 28,927,348 | 204,276,942 | 326,180,017 | 417,194,494 | 400,093,741 | 406,618,678 | 408,994,641 | 408,830,547 | 408,830,547 | 408,173,868 |
| Net Assets - End of year | 9,743,318 | 20,831,775 | 28,927,348 | 204,276,942 | 326,180,017 | 417,194,494 | 400,093,741 | 406,618,678 | 408,994,641 | 408,830,547 | 408,830,547 | 408,830,547 | 408,173,868 |

| | | | | | | | | | | | | | |
|--------------------------------|-----------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net Asset: Scholarship Account | 4,742,852 | 827,183 | 180,735 | 19,225,277 | 16,425,674 | 20,482,558 | 338,289 | 6,756,704 | 9,128,937 | 8,964,713 | 8,308,029 | 8,308,029 | 8,308,029 |
| Net Asset: Endowment Account | 5,000,466 | 20,004,582 | 28,746,613 | 185,051,666 | 309,754,342 | 396,711,936 | 399,755,452 | 399,861,975 | 399,865,703 | 399,865,834 | 399,865,834 | 399,865,834 | 399,865,834 |
| | | | | | | | | | | | | | 408,173,868 |
| | | | | | | | | | | | | | 28,974,169 |
| | | | | | | | | | | | | | 437,148,037 |
| | | | | | | | | | | | | | 408,173,868 |







Unidentified Donors

WSOS
Ten Year Financial Projections
Model 5.1 w/ Endowment Fully Funded in **10 Years**

2012 - 2021

As of October 10, 2012

WSOS Awards and Costs for 10 Cohorts

| Scholarship Annual Award Values were \$1000 for all Cohort 1 Classes in 2012-13, Tiered Amounts for All Cohorts in 2013-14 and \$5000 in 2014 and Beyond | | | | | | | | | | | | | | | |
|--|--------|-----------------------|--|--------------|--------------|--------------|-------------|--------------------|-------------------------------------|---------------------------------------|----------------------------|------------------------------|--|---|----------------------------------|
| Model Tab Name | Cohort | First Fall Enrollment | Number of Scholarships First Year Enrollment | New Freshmen | New Soph. | New Juniors | New Seniors | Fifth Year Seniors | BLENDING AMOUNTS Fresh & Soph Years | Blended AMOUNTS Junior & Senior Years | Projected Costs Per Cohort | Projected Bachelor's Degrees | Projected Bachelor's Degree Rate of All Recipients | Projected Bachelor's Degree Rate of Freshman Recipients | Total Annual Award Disbursements |
| C1 | 1 | 2012 | 2,996 | 765 | 815 | 816 | 599 | | \$ 1,000 | \$ 5,000 | \$22,972,595 | 2,307 | 77% | 57% | 7469 |
| C2 | 2 | 2013 | 760 | 254 | 253 | 253 | 0 | | \$ 1,000 | \$ 5,000 | \$7,762,380 | 548 | 72% | 57% | 2116 |
| C3 | 3 | 2014 | 971 | 324 | 323 | 323 | 0 | | \$ 1,000 | \$ 5,000 | \$9,926,145 | 701 | 72% | 57% | 2706 |
| C4 | 4 | 2015 | 1,060 | 354 | 354 | 353 | 0 | | \$ 5,000 | \$ 5,000 | \$14,771,884 | 765 | 72% | 57% | 2954 |
| C5 | 5 | 2016 | 1,157 | 386 | 386 | 385 | 0 | | \$ 5,000 | \$ 5,000 | \$16,123,231 | 835 | 72% | 57% | 3225 |
| C6 | 6 | 2017 | 3,071 | 1024 | 1024 | 1023 | 0 | | \$ 5,000 | \$ 5,000 | \$42,781,617 | 2,217 | 72% | 57% | 8556 |
| C7 | 7 | 2018 | 1,360 | 454 | 454 | 453 | 0 | | \$ 5,000 | \$ 5,000 | \$18,948,774 | 982 | 72% | 57% | 3790 |
| C8 | 8 | 2019 | 1,657 | 553 | 553 | 552 | 0 | | \$ 5,000 | \$ 5,000 | \$23,084,714 | 1,196 | 72% | 57% | 4617 |
| C9 | 9 | 2020 | 1,838 | 613 | 613 | 613 | 0 | | \$ 5,000 | \$ 5,000 | \$25,609,552 | 1,327 | 72% | 57% | 5122 |
| C10 | 10 | 2021 | 1,873 | 624 | 624 | 624 | 0 | | \$ 5,000 | \$ 5,000 | \$26,085,088 | 1,352 | 72% | 57% | 5217 |
| TOTALS FOR ALL COHORTS | | | 16,744 | 5,352 | 5,399 | 5,395 | 599 | | | | \$208,065,979 | 12,229 | 73% | 57% | 45,772 |

Washington State Opportunity Scholarship Program

Key Assumptions

Projected as of 12-31-2011 to 12-31-2021
\$'s

MODEL: v 5.1 Fully Funded Endowment End of 2021

A. Compliance with UPMIFA

- 1) Increased reporting will be required.

B. Model Assumptions

- 1) Use Model: v 5.1 for Scholarship Commitments and Expenditures.
- 2) Scholarship award amounts are constant each year; no inflation
- 3) Fundraising annual amounts are set to equal the amount of scholarship commitments for each cohort.
- 4) CSF Management fee inflation rate is 3% per year.
- 5) The Administration fee is allocated to the Endowment Fund based on the ratio of net endowment investment income to Scholarship expenses in 2014 - 2017; thereafter it is allocated 50/50 between the Scholarship Account and Endowment Fund.
- 6) Donations received are 50% to Scholarship and 50% to Endowment in 2011 - 2013; 10% to Scholarship and 90% to Endowment in 2014 - 2016; 35% to Scholarship and 65% to Endowment in 2017; 10% to Scholarship and 90% to Endowment in 2018; then 15% to Scholarship and 85% to Endowment 2019 - 2021.
- 7) The Endowment becomes funded for 5,000 scholarships beginning in 2021.
- 8) Gross investment returns before investment management fees increase to 5% for the Scholarship Account and 7% for the Endowment Fund over the ten year projection period.
- 9) The WA state match is deferred until the beginning of 2014 and current year and catch-up Matches are made in 2014.
- 10) Accrual for each Cohort's five years of expenditures is made in the year of award, which is assumed to be April of the year of fall attendance at college, and reduced as annual expenditures are made and to the extent that fundraising is not sufficient to cover the full five year accrual, then the accrual will be made to the extent that "funds are available".

C. Key Deviations from GAAP

- 1) No discount to Present Value computed for Scholarship Expense.
- 2) No accrual made for current year Investment Fees, which are paid in the following year.

Washington State Opportunity Scholarship Program Key Assumptions

Projected as of 12-31-2011 to 12-31-2021

\$'s

MODEL: v 5.1 Fully Funded Endowment End of 2021

D.

Opportunity Scholarship Program: Public Private Partnership Scholarship Projections

Projected For the Year Ended December 31, 2011 to December 31, 2021

Model: V5.1

| FALL START | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 5 Commitment End of Year Total |
|------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------------------------------|
| C-1 | 2,995,660 | 5,813,708 | 6,942,439 | 3,400,028 | 826,560 | 772,119 | 1,100,440 | 1,403,523 | 1,977,666 | 2,662,800 | 3,467,652 | 4,397,412 | 5,454,288 | 6,634,714 | 7,942,380 | 22,972,595 |
| C-2 | | 1,770,860 | 2,463,780 | 3,082,756 | 3,680,000 | 4,250,000 | 4,797,510 | 5,316,000 | 5,792,000 | 6,225,000 | 6,615,000 | 6,960,000 | 7,260,000 | 7,515,000 | 7,725,000 | 7,892,380 |
| C-3 | | | | | | | | 375,286 | 1,000,000 | 1,400,000 | 1,850,000 | 2,350,000 | 2,890,000 | 3,470,000 | 4,080,000 | 4,712,321 |
| C-4 | | | | | | | | | | | | | | | | |
| C-5 | | | | | | | | | | | | | | | | |
| Endowment Fully Funded in 10 Years | | | | | | | | | | | | | | | | |
| C-6 | | | | | | | | | | | | | | | | |
| C-7 | | | | | | | | | | | | | | | | |
| C-8 | | | | | | | | | | | | | | | | |
| C-9 | | | | | | | | | | | | | | | | |
| C-10 | | | | | | | | | | | | | | | | |
| Cost per Year | 2,995,660 | 10,584,568 | 11,872,528 | 13,794,754 | 15,002,000 | 15,999,287 | 16,801,200 | 17,416,000 | 17,862,000 | 18,152,000 | 18,297,000 | 18,300,000 | 18,260,000 | 18,180,000 | 18,060,000 | 208,000,000 |
| Award | | | | | | | | | | | | | | | | |
| Amounts by Year | 22,022,056 | 7,262,380 | 9,026,144 | 11,777,088 | 15,173,231 | 18,248,724 | 21,084,724 | 23,695,552 | 25,995,552 | 27,957,000 | 29,562,000 | 30,810,000 | 31,690,000 | 32,210,000 | 32,380,000 | 323,957,573 |
| Balance of Scholarship Commitment | | | | | | | | | | | | | | | | |
| @ Year End | 19,026,235 | 17,154,546 | 15,443,144 | 13,844,771 | 12,366,014 | 10,999,071 | 9,716,389 | 8,500,000 | 7,330,000 | 6,200,000 | 5,110,000 | 4,060,000 | 3,040,000 | 2,060,000 | 1,120,000 | 0 |
| Reconciliation: | | | | | | | | | | | | | | | | |
| Total Cost of Cohorts 1 - 10 | | | | | | | | | | | | | | | | |
| Less 5-Annual | | | | | | | | | | | | | | | | |
| Total 5-Expenditures | | | | | | | | | | | | | | | | |

Washington State Opportunity Scholarship Program

Key Assumptions

Projected as of 12-31-2011 to 12-31-2021
\$'s

MODEL: v 5.1 Fully Funded Endowment End of 2021

E.

Endowment Investment Balance

Balance Needed to Fund \$25M Scholarships Per Year

Millions \$

| | |
|------------------------------|-------------|
| Scholarship Expenditures | 25.0 |
| Admin fees | 0.6 |
| Total Expenditures | <u>25.6</u> |
| Endowment Investment Balance | 396.1 |
| Net Investment Earnings | 25.7 |
| Net Surplus (Deficit) | <u>0.1</u> |

Washington State Opportunity Scholarship Program Key Assumptions

Projected as of 12-31-2011 to 12-31-2021
\$'s

MODEL: v 5.1 Fully Funded Endowment End of 2021

F.

Outcomes: Return on Investment

Whole \$

| | C-1 thru C-5 ⁽¹⁾ Five Years 2012 - 2016 | | | | | C-6 thru C-10 ⁽²⁾ Five Years 2017 - 2021 | | | | | Total All Cohorts Ten Years 2012 - 2021 | | | | | | | | | | | |
|---|--|-------|------|-------|------|---|------|-------|------|-------|---|-------|------|-------|------|--------|------|-------|------|-------|--|--|
| 1 Total Number of Students Enrolled Annually: | 2012 | 2,996 | 2013 | 3,000 | 2014 | 3,000 | 2015 | 3,000 | 2016 | 3,000 | 2017 | 5,000 | 2018 | 5,000 | 2019 | 5,000 | 2020 | 5,000 | 2021 | 5,000 | | |
| 2 Average Number of Students Awarded Scholarships & Enrolled Annually | 2,999 | | | | | 2,999 | | | | | 5,000 | | | | | | | | | | | |
| 4 Number of New Students Awarded Scholarships and Enrolled Annually: | 2012 | 2,996 | 2013 | 760 | 2014 | 971 | 2015 | 1,060 | 2016 | 1,157 | 2017 | 3,071 | 2018 | 1,360 | 2019 | 1,657 | 2020 | 1,838 | 2021 | 1,873 | | |
| 5 Average Number of New Students Awarded Annually | 1,389 | | | | | 1,389 | | | | | 1,960 | | | | | | | | | | | |
| 6 Total Number of Students Awarded Scholarships and Enrolled Annually | 6,944 | | | | | 6,944 | | | | | 9,799 | | | | | 16,743 | | | | | | |
| 7 Number of Students Receiving Bachelors Degrees in Technical Field | | | | | | | | | | | | | | | | 12,229 | | | | | | |
| 8 Graduation Rate | | | | | | | | | | | | | | | | 73% | | | | | | |

Notes:

- (1) The last Student from C-1 / C-5 graduates in 2021
- (2) The last Student from C-6 / C-10 graduates in 2026

WSOS
Cash Flow Proj 2011 - 21
 Projection 12/31/2011 to 12/31/21
 MODEL V 5.1

| | 2011 | | 2012 | | 2013 | | 2014 | | 2015 | | 2016 | | Total First 5 Years | | |
|---|-------------|------------|-------------|------------|-------------|------------|-------------|------------|-------------|-------------|-------------|-------------|---------------------|-------------|-------------|
| | Scholarship | Endowment | Scholarship | Endowment | Scholarship | Endowment | Scholarship | Endowment | Scholarship | Endowment | Scholarship | Endowment | Scholarship | Endowment | Total |
| Companions, Foundations, & Individuals | | | | | | | | | | | | | | | |
| Beving | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 25,000,000 |
| Microsoft | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 25,000,000 |
| All Other - Unidentified | - | - | 10,000,000 | 10,000,000 | 20,000,000 | 20,000,000 | 20,000,000 | 20,000,000 | 20,000,000 | 20,000,000 | 20,000,000 | 20,000,000 | 20,000,000 | 20,000,000 | 113,000,000 |
| Total Private CERA | 5,000,000 | 10,000,000 | 15,000,000 | 15,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 63,000,000 |
| % Allocated to the SACourt | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | |
| State of Washington | | | | | | | | | | | | | | | |
| State Initial 50M Donation | - | 5,000,000 | - | 5,000,000 | - | 5,000,000 | - | 5,000,000 | - | 5,000,000 | - | 5,000,000 | - | 5,000,000 | 5,000,000 |
| State Match - Catch-up Donation | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| State Match Donation | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total State of WA | - | 5,000,000 | - | 5,000,000 | - | 5,000,000 | - | 5,000,000 | - | 5,000,000 | - | 5,000,000 | - | 5,000,000 | 5,000,000 |
| Total Private & State Revenue | 5,000,000 | 10,000,000 | 15,000,000 | 15,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 68,000,000 |
| Commutative Donations | 5,000,000 | 10,000,000 | 25,000,000 | 20,000,000 | 45,000,000 | 32,500,000 | 27,500,000 | 58,000,000 | 60,000,000 | 170,000,000 | 159,800,000 | 226,000,000 | 66,600,000 | 159,400,000 | 226,000,000 |
| Expenses | | | | | | | | | | | | | | | |
| Scholarship | - | - | 2,995,860 | - | 2,995,860 | 10,594,568 | 11,617,548 | 11,617,548 | 11,617,548 | 13,990,256 | 15,001,988 | 15,001,988 | 54,190,221 | 10,322,005 | 54,190,221 |
| Transfer Endowment Inc to Schol | - | - | - | - | - | - | (1,088,487) | 1,088,487 | 3,340,187 | (5,893,331) | 5,893,331 | 5,893,331 | (10,322,005) | - | - |
| Administration Fee | - | - | 68 | 68 | 63,853 | 63,500 | 178,853 | 178,853 | 410,865 | 209,112 | 209,112 | 209,112 | 426,518 | 974,051 | 1,401,168 |
| Administration Fee | - | - | 887,580 | - | 887,580 | 976,027 | 911,090 | 941,399 | 1,055,288 | 788,233 | 247,214 | 647,546 | 4,958,131 | 605,897 | 5,263,428 |
| Total Expenses | 257,667 | - | 257,667 | - | 3,943,508 | 11,624,028 | 62,500 | 11,555,682 | 3,873,784 | 15,986,687 | 9,900,876 | 8,616,207 | 16,217,283 | 17,057,622 | 60,981,287 |
| Cash Flow B4 Investments | 4,742,333 | 5,000,000 | 9,742,333 | 16,056,492 | 15,000,000 | 31,056,492 | (4,124,429) | 7,437,500 | 3,313,071 | 13,964,518 | 53,195,469 | 67,159,987 | (8,562,803) | 23,126,216 | 39,282,917 |
| Investment Income | 519 | 466 | 985 | 4,584 | 4,116 | 8,700 | 655,781 | 1,304,531 | 1,960,313 | 1,215,622 | 3,873,794 | 5,089,405 | 1,411,443 | 6,816,207 | 43,583,793 |
| Cash Flow | 4,742,852 | 5,000,466 | 9,743,318 | 16,061,076 | 15,004,116 | 31,065,192 | (3,468,647) | 8,742,031 | 8,742,031 | 5,273,384 | 15,180,140 | 57,069,252 | (7,151,360) | 29,942,424 | 50,071,590 |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |

WSOS
Cash Flow Proj 2011 - 21
 Projection 12/31/2011 to 12/31/21
 MODEL: v.5.1

| | 2017 | | 2018 | | 2019 | | 2020 | | 2021 | | Total 2011 - 2021 | |
|--|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|--------------|
| | Scholarship | Total | Scholarship | Total | Scholarship | Total | Scholarship | Total | Scholarship | Total | Scholarship | Total |
| Corporations, Foundations & Individuals | | | | | | | | | | | | |
| Beckie | | | | | | | | | | | | |
| Microsoft | | | | | | | | | | | | |
| All Other - Unidentified | | | | | | | | | | | | |
| Total Private C.F.S.I. | 14,700,000 | 27,300,000 | 27,000,000 | 30,000,000 | 25,500,000 | 30,000,000 | 3,000,000 | 17,000,000 | 1,500,000 | 8,500,000 | 16,500,000 | 25,000,000 |
| % Allocated to the S-Account | 55% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% |
| State of Washington | | | | | | | | | | | | |
| State Initial 55M Donation | | | | | | | | | | | | |
| State Match - Catch-up Donation | | | | | | | | | | | | |
| State Match Donation | | | | | | | | | | | | |
| Total State of WA | 14,700,000 | 27,300,000 | 27,000,000 | 30,000,000 | 25,500,000 | 30,000,000 | 3,000,000 | 17,000,000 | 1,500,000 | 8,500,000 | 16,500,000 | 25,000,000 |
| Total Private & State Revenue | 29,400,000 | 54,600,000 | 54,000,000 | 60,000,000 | 51,000,000 | 60,000,000 | 6,000,000 | 34,000,000 | 3,000,000 | 17,000,000 | 33,000,000 | 50,000,000 |
| Commutative Donations | 96,000,000 | 214,000,000 | 102,000,000 | 110,000,000 | 319,000,000 | 430,000,000 | 17,000,000 | 151,000,000 | 120,000,000 | 370,000,000 | 490,000,000 | 490,000,000 |
| Expenses | | | | | | | | | | | | |
| Scholarship | 24,999,307 | 8,541,086 | 25,001,026 | 25,000,396 | 25,000,079 | 25,000,079 | 25,000,079 | 25,000,079 | 25,000,079 | 25,000,079 | 25,000,079 | 179,194,841 |
| Transfer (Scholarship to Schol) | (6,184,800) | 880,742 | 11,845,120 | (15,470,451) | (18,983,763) | (18,983,763) | (18,983,763) | (18,983,763) | (21,844,398) | (21,844,398) | (21,844,398) | (87,006,823) |
| Administration Fee | 723,198 | 375,307 | 1,098,205 | 565,210 | 582,202 | 582,202 | 582,202 | 582,202 | 582,202 | 582,202 | 582,202 | 7,133,327 |
| Total Expenses | 17,538,505 | 9,801,132 | 26,938,554 | 13,866,511 | 13,400,512 | 27,208,323 | 10,175,612 | 17,394,681 | 27,933,925 | 3,925,442 | 24,255,782 | 111,200,010 |
| Cash Flow B4 Investments | 12,099,639 | 44,971,808 | 57,071,446 | 40,598,388 | 32,731,877 | (1,275,612) | 33,665,319 | 32,389,796 | (766,186) | 12,852,661 | 12,086,475 | (8,181,224) |
| Investment Income | 1,413,411 | 13,401,612 | 14,815,023 | 1,589,910 | 17,334,681 | 18,924,991 | 1,440,852 | 21,147,339 | 22,588,191 | 1,461,850 | 24,255,782 | 25,717,632 |
| Cash Flow | 33,533,050 | 58,373,419 | 71,886,469 | 62,716,601 | 57,933,070 | 51,656,469 | 165,240 | 54,812,657 | 54,977,897 | 695,664 | 37,804,107 | 39,461,065 |

Washington State Opportunity Scholarship

Balance Sheet : Fully Funded Endowment by End of 2021

Projected as of 12-31-2011 to 12-31-2021

\$'s

MODEL: v 5.1

As of December 31,

| | 2011 (Actual) | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Assets | | | | | | | | | | | |
| Cash & Investments | 10,000,984 | 40,887,475 | 46,163,228 | 118,415,060 | 141,208,537 | 191,282,656 | 263,171,791 | 314,831,006 | 369,811,732 | 407,618,752 | 427,082,758 |
| Total Assets | 10,000,984 | 40,887,475 | 46,163,228 | 118,415,060 | 141,208,537 | 191,282,656 | 263,171,791 | 314,831,006 | 369,811,732 | 407,618,752 | 427,082,758 |

Liabilities and Net Assets

Endowment Fully Funded in 10 Years

| | | | | | | | | | | | |
|---|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Accounts Payable | 257,666 | 78,965 | 81,334 | 83,774 | 86,287 | 88,876 | 91,542 | 94,288 | 97,117 | 100,030 | 103,031 |
| Scholarship Commitments | - | 19,976,735 | 17,154,546 | 15,463,144 | 16,244,771 | 17,366,014 | 35,148,323 | 29,096,071 | 27,180,389 | 27,787,863 | 28,871,138 |
| Total Liabilities | 257,666 | 20,055,700 | 17,235,880 | 15,546,917 | 16,331,058 | 17,454,890 | 35,239,866 | 29,190,360 | 27,277,506 | 27,887,893 | 28,974,169 |
| Net Assets | 9,743,318 | 20,831,775 | 28,927,348 | 102,868,142 | 124,877,479 | 173,827,766 | 227,931,926 | 285,640,646 | 342,534,226 | 379,730,859 | 398,108,589 |
| Total Liabilities and Net Assets | 10,000,984 | 40,887,475 | 46,163,228 | 118,415,060 | 141,208,537 | 191,282,656 | 263,171,791 | 314,831,006 | 369,811,732 | 407,618,752 | 427,082,758 |

Washington State Opportunity Scholarship

Income Statement: Fully Funded Endowment by End of 2021

Projected For the Years Ended December 31, 2011 to December 31, 2021

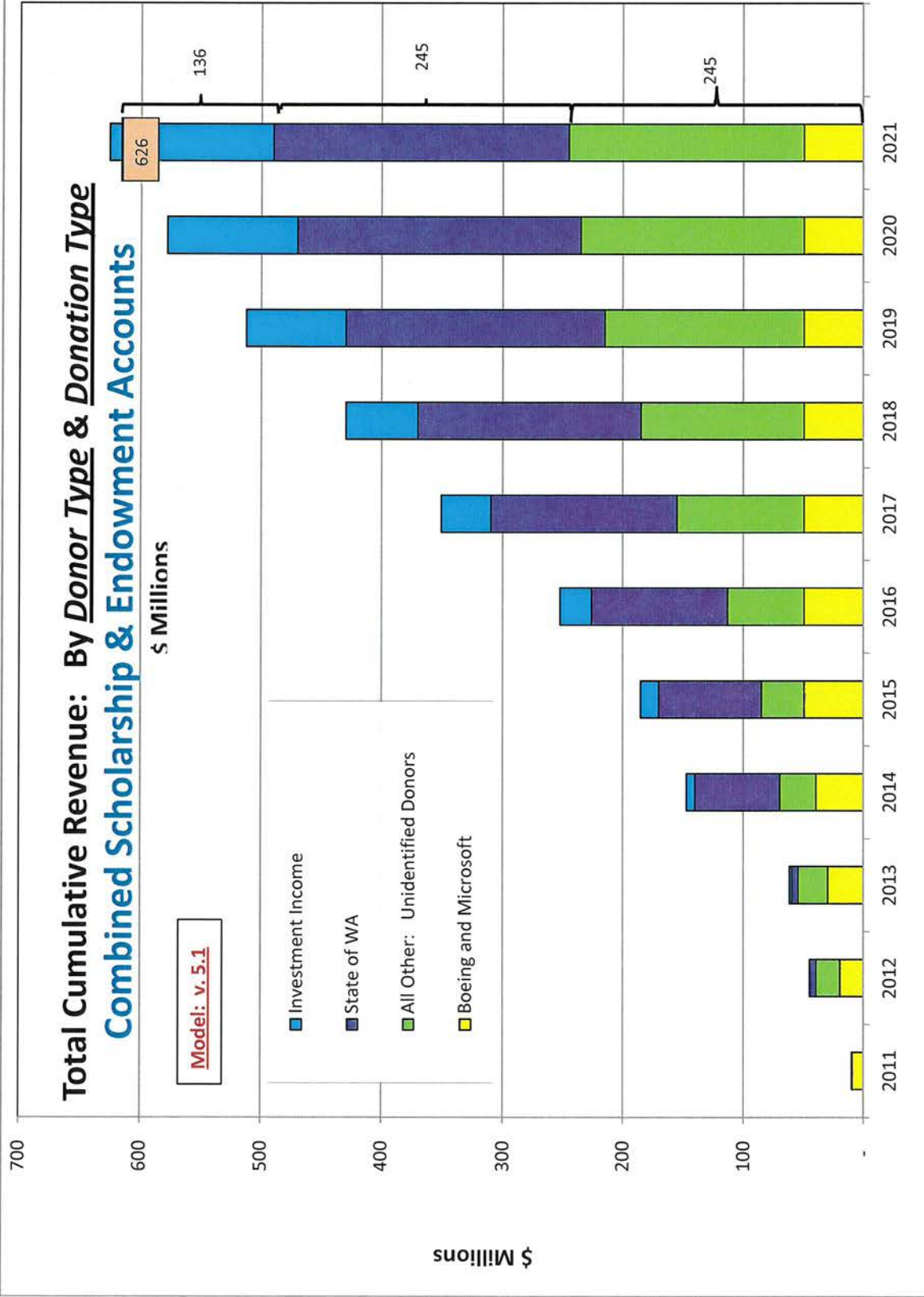
\$'s

MODEL: v 5.1

| Inception To Date | Inception To Date | Inception To Date | For the Calendar Year | | | | | | | | | | | Totals | | | |
|------------------------------------|-------------------|-------------------|--------------------------|--------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--|--|--|
| | | | 2011 (Actual Six Mos) | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | | | | |
| Scholarship Account | Endowment Account | Total All Years | | | | | | | | | | | | | | | |
| 120,000,000 | 370,000,000 | 490,000,000 | 10,000,000 | 35,000,000 | 15,000,000 | 80,000,000 | 30,000,000 | 56,000,000 | 84,000,000 | 60,000,000 | 40,000,000 | 20,000,000 | 20,000,000 | 490,000,000 | | | |
| (121,069,155) | (87,006,823) | (208,065,979) | - | (22,972,955) | (7,762,380) | (9,925,145) | (14,771,884) | (16,123,231) | (42,781,617) | (18,948,774) | (23,094,714) | (25,609,552) | (26,085,088) | (208,065,979) | | | |
| (1,069,155) | 282,993,177 | 281,934,021 | 10,000,000 | 12,027,405 | 7,237,620 | 70,073,855 | 15,228,116 | 39,876,769 | 41,218,383 | 41,051,226 | 14,390,448 | | (6,085,088) | 281,934,021 | | | |
| Scholarship Revenue | | | | | | | | | | | | | | | | | |
| Scholarship GAAP Revenue | | | | | | | | | | | | | | | | | |
| Scholarship Expense | | | | | | | | | | | | | | | | | |
| Total Scholarship Net Revenue | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |
| Program Expenses | | | | | | | | | | | | | | | | | |
| Professional Fees | | | | | | | | | | | | | | | | | |
| Investment Management Fees | | | | | | | | | | | | | | | | | |
| Total Program Expense | | | | | | | | | | | | | | | | | |
| Net Surplus (Deficit) | | | | | | | | | | | | | | | | | |
| Investment Income | | | | | | | | | | | | | | | | | |
| Total Net Surplus (Deficit) | | | | | | | | | | | | | | | | | |
| Net assets - beginning of year | | | | | | | | | | | | | | | | | |
| Net Assets - End of year | | | | | | | | | | | | | | | | | |

| | | | | | | | | | | | |
|--------------------------------|-----------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net Asset: Scholarship Account | 4,712,852 | 827,193 | 180,735 | 17,052,277 | 9,119,189 | 4,857,492 | 588,232 | 363,883 | 2,444,805 | 2,532,996 | 2,014,930 |
| Net Asset: Endowment Account | 5,000,166 | 20,004,582 | 28,716,613 | 85,815,866 | 115,759,289 | 168,970,274 | 227,343,694 | 285,276,763 | 340,089,421 | 377,197,864 | 396,091,659 |
| | | | | | | | | | | | 396,108,589 |
| | | | | | | | | | | | 427,082,758 |
| | | | | | | | | | | | 396,108,589 |

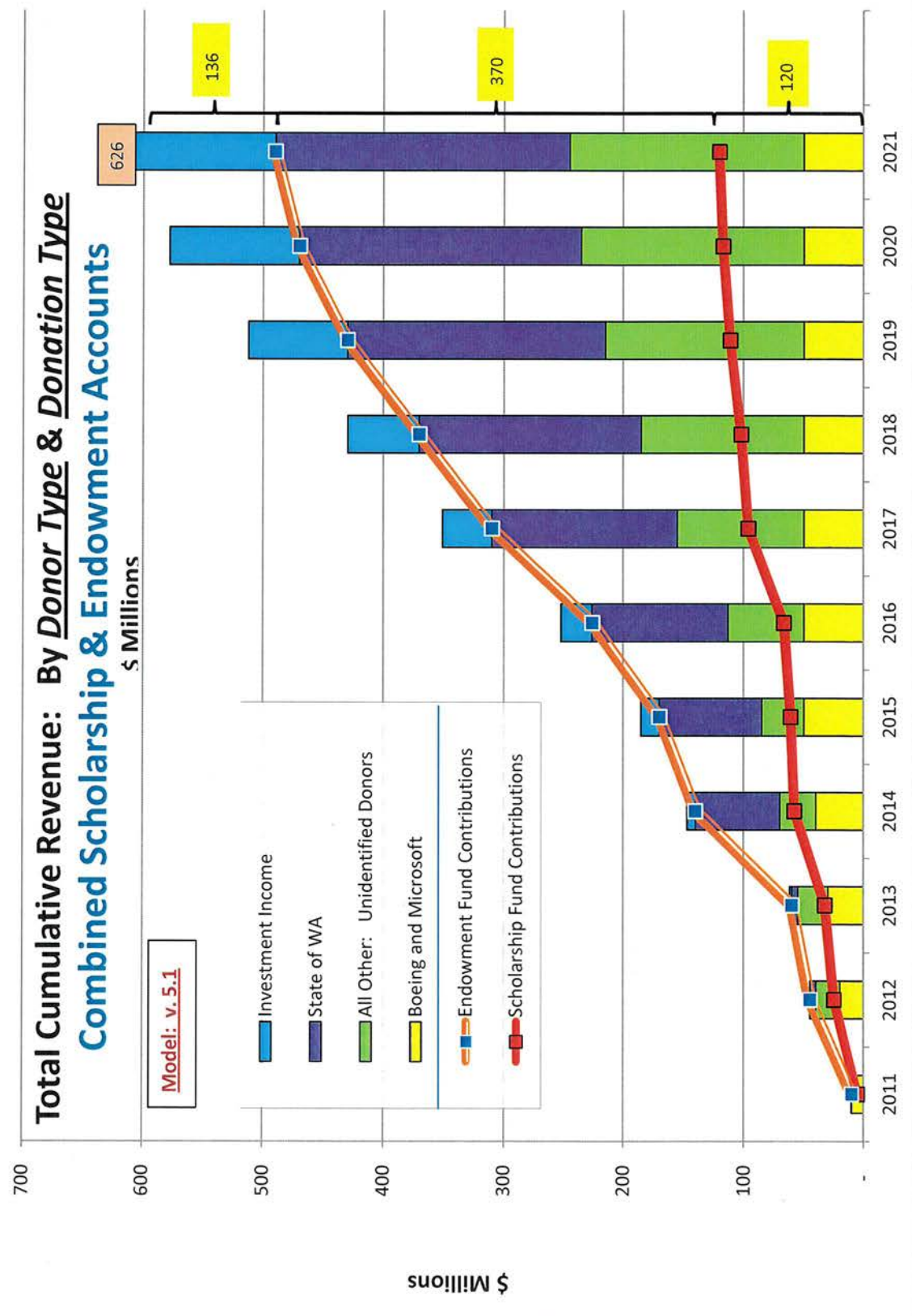
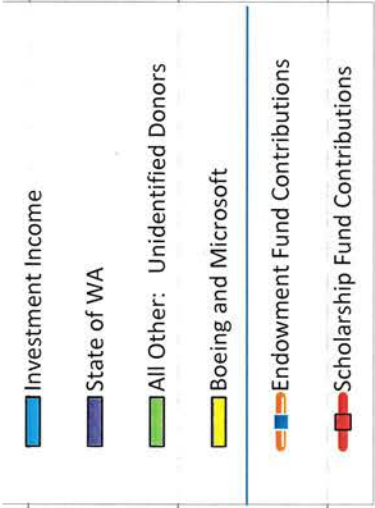
Total Cumulative Revenue: By Donor Type & Donation Type Combined Scholarship & Endowment Accounts

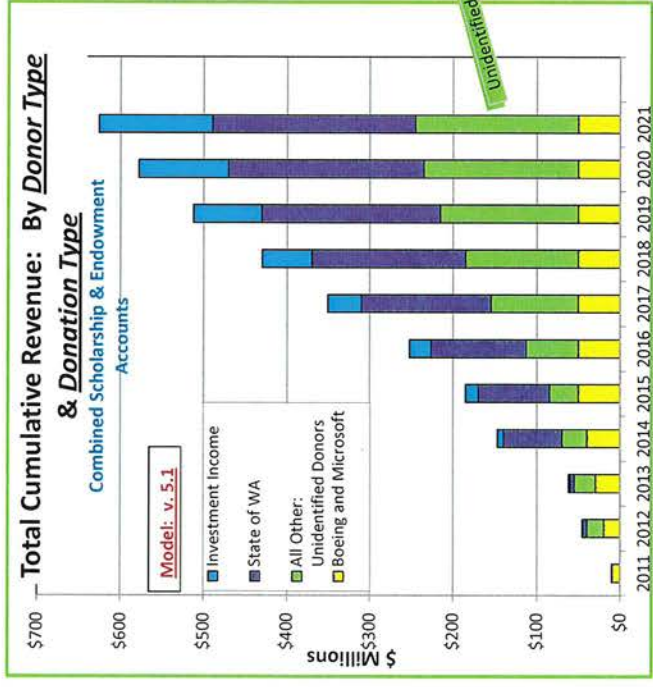
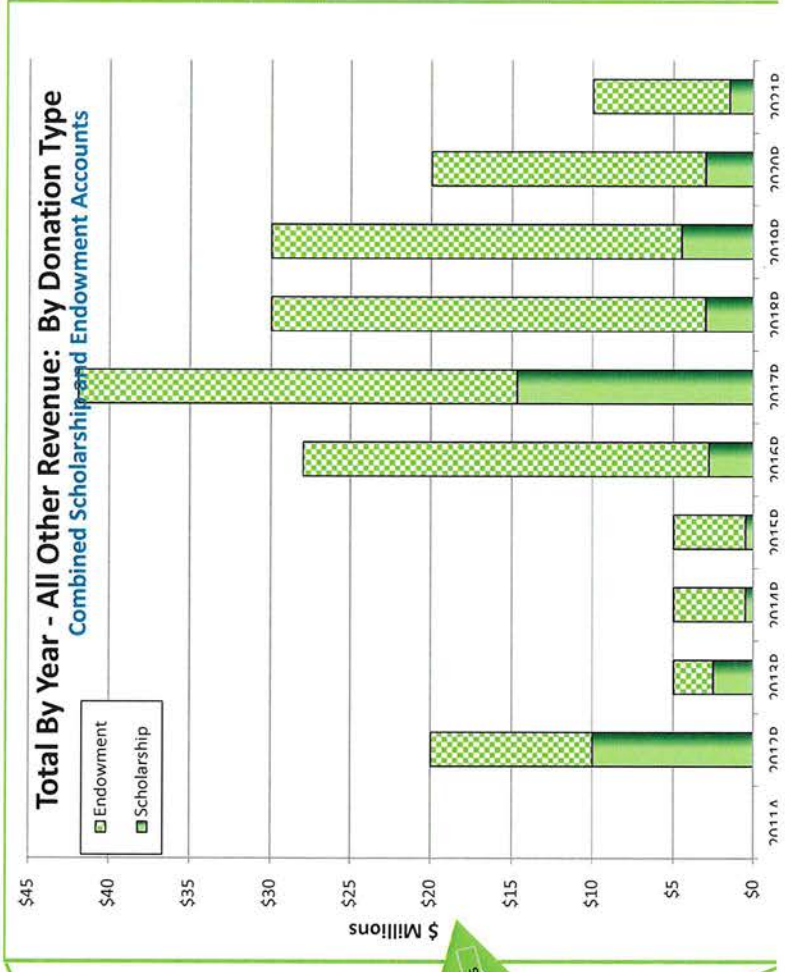


Total Cumulative Revenue: By Donor Type & Donation Type Combined Scholarship & Endowment Accounts

\$ Millions

Model: v. 5.1







Scholarship Model Discussion

**Washington State Opportunity Scholarship
Board Meeting
October 15, 2012**



Key Assumptions and Decisions

1. **Students don't have to "reapply" every year, but do need to demonstrate satisfactory progress toward degree (i.e. annual credits earned, GPA, etc.)**
2. **Minimum of 3000 students enrolled at any one time**
3. **Minimum \$1,000 annual scholarship (per statute requirement)**
4. **Scale up over time to a level funding model (i.e. \$5k for 5 years)**
5. **Interim scholarship model for 2012-16 ought to be a tiered model (i.e. \$1K for Fr/So and \$5K for Jr/Sr/5)**
6. **Additional selection criteria as part of application process (i.e. essay questions, participation in extracurricular activities, etc.)**
7. **If Board doesn't achieve longer term fund raising goals then**
 - Reduce scholarship amount,
 - Reduce number of scholarships as students graduate, or
 - Reduce both

Short and Long Term Scholarship Model: Recommendations and Rationale

2013 Scholarship Model

- Recommendations
 - Increase scholarship amount for Cohort 1 to match new awarding strategy for Cohort 2
 - Launch Cohort 2 application process – tiered scholarship model
 - \$1K freshman and sophomore year
 - \$5K junior, senior and 5th years
- Rationale
 - Ensures equity of award level between cohorts
 - Increased financial Incentive to persist in eligible majors once students become juniors
 - Reduces scholarship attrition costs by only awarding a small scholarship for the first two years

Scholarship Model for future years

- Recommendations
 - 2014 (C3) – same as above
 - 2015 (C4) – 3000 students to \$5K /year level funding model
 - 2016 (C5) – same as above
 - 2017 (C6) – 5000 students at \$5K/year level funding model
- Rationale
 - Larger initial awards may incentivize students to pursue eligible majors and is a proven model to increase enrollment and retention of students

Summary of Scholarship Expenditures Cohorts 1-10

In Millions \$

| | Annually | | | | | Five Yrs 2012 - 2016 | Five Yrs 2017 - 2021 | Total Ten Yrs 2012 - 2021 | Remaining Commmtmn t | Total Commmtnt |
|---|----------|------|------|------|------|----------------------------|----------------------------|------------------------------------|----------------------------|-------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | | | | | |
| Cash Basis | | | | | | | | | | |
| Base Case: \$1000 Level Award / 3000 Annual Enrollment Model: Steady State [Initial Year at \$7.5M] | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 15.0 | 15.0 | 30.0 | 4.4 | 34.4 |
| Tiered Model | 3.0 | 10.6 | 11.6 | 14.0 | 15.0 | 54.2 | 125.0 | 179.2 | 28.9 | 208.1 |



Summary of Scholarship Expenditures Conversion to Accrual @ 100% of Award Commitment



Cohorts 1-10

In Millions \$

SAMPLE FOR ILLUSTRATION: 10-Year Endowment Model

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | Five Yrs <u>2012-16</u> Ave. 3000 | Five Yrs <u>2017-21</u> Ave. 5000 | <u>Total</u> Ten Yrs <u>2012-21</u> | <u>Remaining</u> <u>Commmtmnt</u> | <u>Total</u> <u>Commmtmnt</u> |
|--|-------------|-------------|-------------|-------------|-------------|--|--|---|--------------------------------------|----------------------------------|
| Number Students Enrolled | 3000 | 3000 | 3000 | 3000 | 3000 | 3000 | 5000 | | | |
| Expenditures - Cash Flow | 3.0 | 10.6 | 11.6 | 14.0 | 15.0 | 54.2 | 125.0 | 179.2 | 28.9 | 208.1 |
| | | 13.6 | | | | | | | | |
| Accruals for Adjustment to Scholarship Award Commitments | 20.0 | -2.8 | -1.6 | .7 | 1.0 | 17.3 | 11.6 | 28.9 | (28.9) | - |
| Accrual | 23.0 | 7.8 | 10.0 | 14.7 | 16.0 | 71.5 | 136.6 | 208.1 | - | 208.1 |
| | | 30.8 | | | | | | | | |

Fund Raising Requirements

In Millions \$



| | <u>2011P</u> | <u>2012P</u> | <u>2013P</u> | <u>2014P</u> | <u>2015P</u> | <u>2016P</u> | <u>Six Yrs 2012-2016</u> | <u>Five Yrs 2017-2021</u> | <u>Total Ten Yrs 2011-2021</u> |
|----------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|------------------------------|-------------------------------|------------------------------------|
| Five-Year Endowment Model | | | | | | | | | |
| Boeing & Microsoft | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | - | 50.0 | - | 50.0 |
| <i>Unidentified Donors</i> | - | 20.0 | 5.0 | 54.0 | 50.0 | 42.0 | 171.0 | - | 171.0 |
| Total Private Funds Raised | 10.0 | 30.0 | 15.0 | 64.0 | 60.0 | 42.0 | 221.0 | - | 221.0 |
| State of Washington | - | 5.0 | - | 114.0 | 60.0 | 42.0 | 221.0 | - | 221.0 |
| Total Funds Raised | \$10.0 | 35.0 | 15.0 | 178.0 | 120.0 | 84.0 | 442.0 | - | 442.0 |
| Ten-Year Endowment Model | | | | | | | | | |
| Boeing & Microsoft | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | - | 50.0 | - | 50.0 |
| <i>Unidentified Donors</i> | - | 20.0 | 5.0 | 5.0 | 5.0 | 28.0 | 63.0 | 132.0 | 195.0 |
| Total Private Funds Raised | 10.0 | 30.0 | 15.0 | 15.0 | 15.0 | 28.0 | 113.0 | 132.0 | 245.0 |
| State of Washington | - | 5.0 | - | 65.0 | 15.0 | 28.0 | 113.0 | 132.0 | 245.0 |
| Total Funds Raised | \$10.0 | 35.0 | 15.0 | 80.0 | 30.0 | 56.0 | 226.0 | 264.0 | 490.0 |

Timeline

- October 15, 2012** – **WSOS Board eligibility criteria and award amount decisions**
- December 1, 2012** – **Website launch & marketing of C2 Application**
- January 7, 2013** – **WSOS Application available**
- February 18, 2013** – **WSOS Application closes**
- May 1, 2013** – **Select and non-select decisions sent to applicants**
- June 15, 2013** – **College and universities notified of new selections**

Washington State Opportunity Scholarship Communications Team

Pyramid Communications, Cocker Fennessy and College Success Foundation will coordinate on aspects of WSOS communications and outreach.



PYRAMID COMMUNICATIONS

- Brand development
- Messaging
- Material development
- Development and implementation of communications plan
- Event planning and coordination
- Media outreach



COCKER FENNESSY

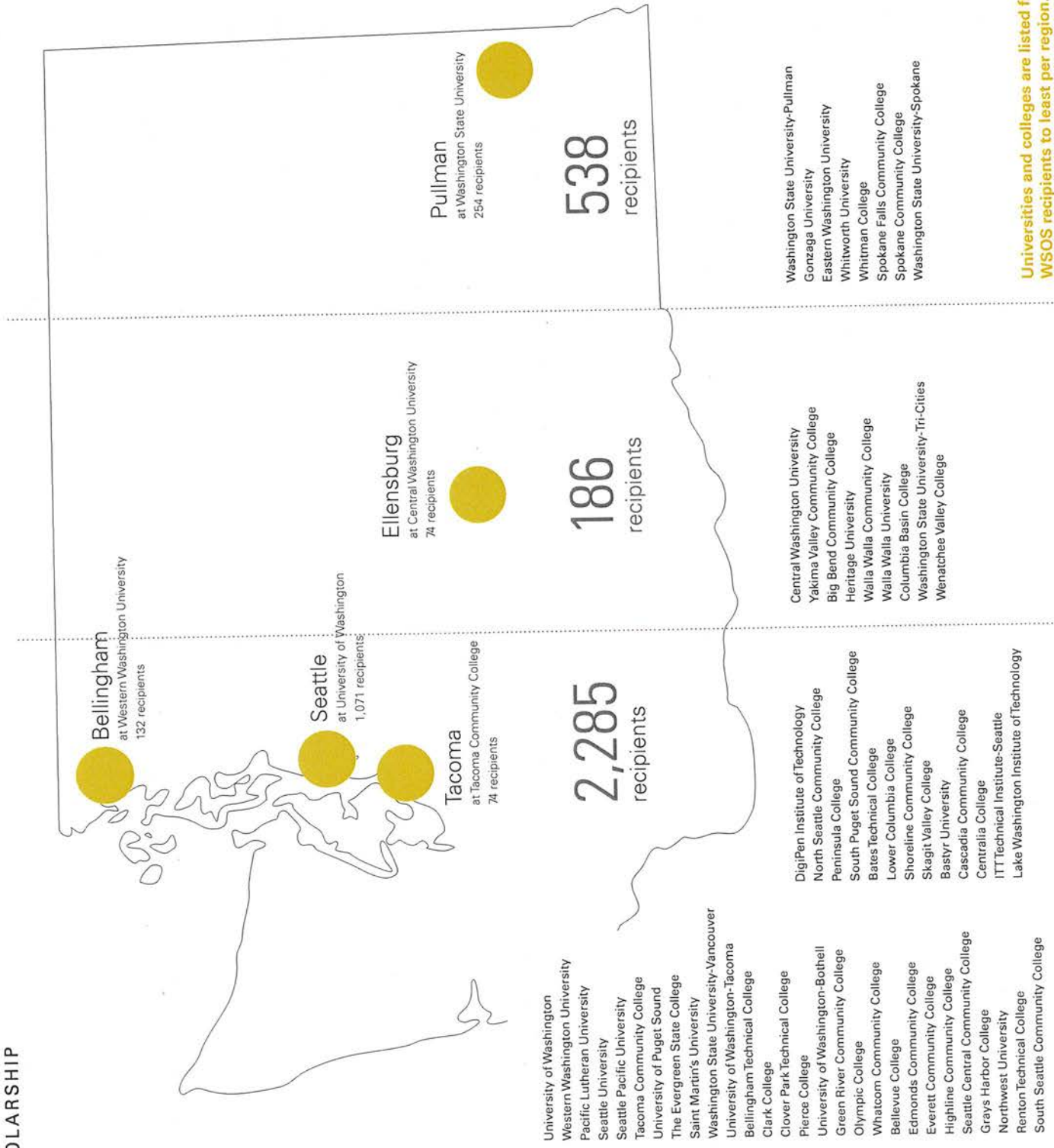
- Legislative strategy, outreach and support
- Coalition building



COLLEGE SUCCESS FOUNDATION

- Website management
- Social media management
- Program analytics
- Partner management



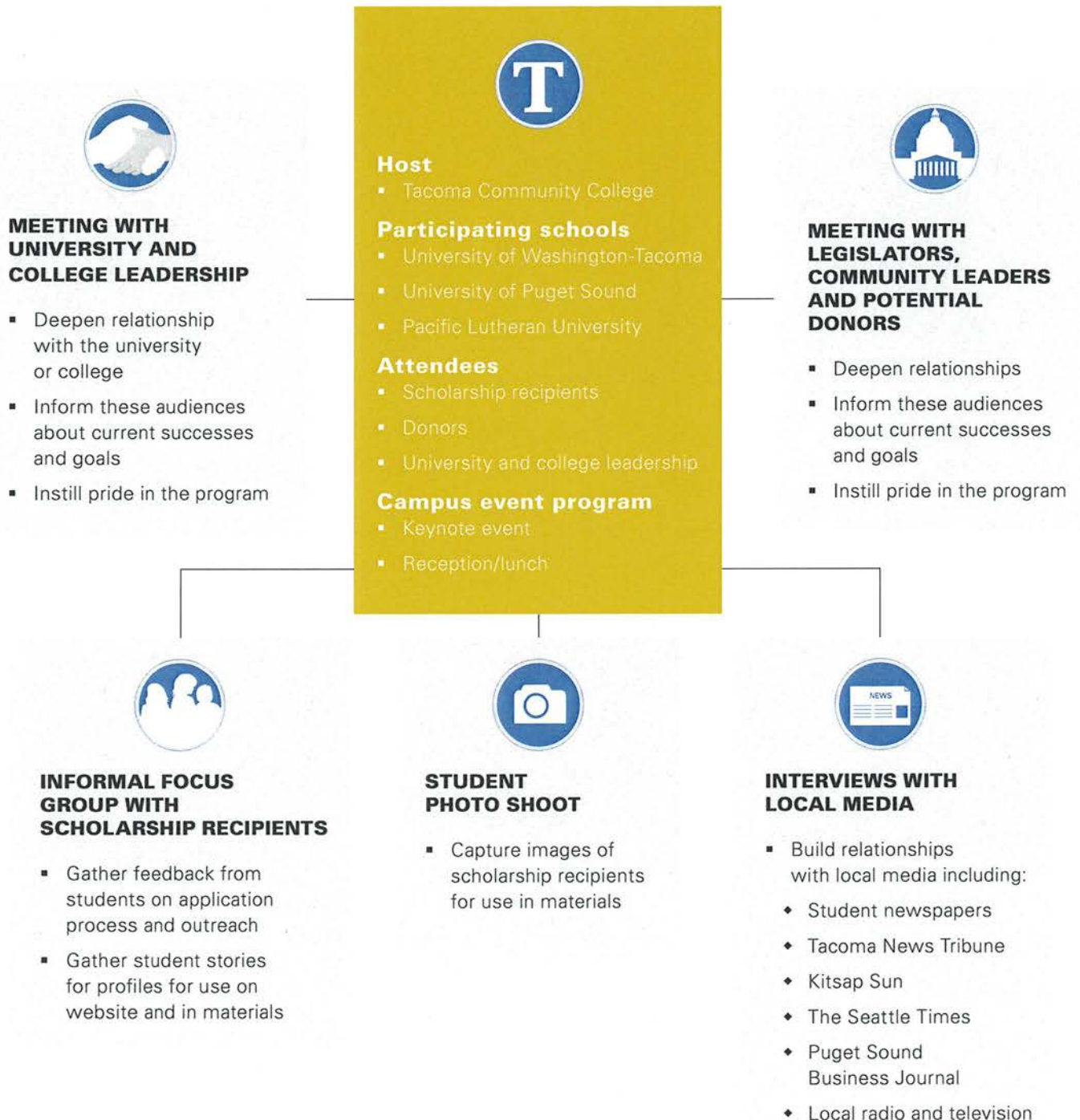


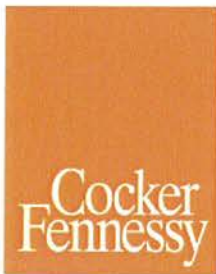
Universities and colleges are listed from greatest number of WSOS recipients to least per region.

Washington State Opportunity Scholarship

Vision for Events: Tacoma

GOAL OF EVENTS: Build the profile and increase awareness of WSOS in order to solidify and grow support with key audiences (donors, legislators, college leadership and media) and build a sense of community for scholarship recipients.





COMMUNICATIONS TEAM BUDGET OUTLINE

This outline represents a high-level view of the communications scope of work and estimated budget. This scope and budget assumes a 9-month project, beginning in October 2012 and ending in June 2013.

| | |
|---|--------------------------|
| BRAND AND MESSAGING (PYR) | \$25,000 |
| Includes discovery and project launch, tagline, look and feel, brand guidelines, message framework, communications planning through June 2013 | |
| MATERIALS DEVELOPMENT (PYR) | \$50,000-\$60,000 |
| Includes website re-skin, backgrounder, powerpoint/flip book, briefing packets, student facing materials, recipient profiles, and other materials | |
| CAMPUS EVENTS (PYR) | \$55,000-\$67,000 |
| Includes planning and coordination of five campus events, which consists of one keynote event, meetings with college leadership, legislators, community leaders and potential donors, informal student focus groups, student photo shoots, and all event expenses | |
| MEDIA RELATIONS (PYR) | \$27,000 (3K/MO) |
| Includes development of media list, pitch and story development, media outreach to targeted markets, development of op-eds, coordination of editorial board meetings | |
| GOVERNMENT RELATIONS (COFEN) | \$42,600-\$52,600 |
| Includes preparation for legislative session (legislative strategy, development of legislative agenda, coalition building), support of legislative effort (assistance to lobbyists, assistance with briefings with key legislative leaders, staff and governor's office), wrap-up of legislative session (assistance with bill signing events, summary accomplishments, collaboration on media opportunities) | |

STRATEGIC COUNSEL/PROJECT MANAGEMENT (PYR) \$36,000 (4K/MO)

Includes strategic counsel on outreach and communications, coordination with CSF and Cocker Fennessy, partner management, board presentations and prep, team meetings, project updates, budget management

STRATEGIC COUNSEL (COFEN) \$28,800-\$45,000 (3.2K-5K/MO)

(Includes strategic advice during branding and communications planning, coordination with CSF and Pyramid, assistance in developing materials related to public affairs work, team meetings, project management, project updates)

ESTIMATED TOTAL BUDGET \$264,400-\$312,600



Fundraising Pyramid
 (Draft)

| Gift Amount | Number of Prospects | Number of Gifts | Total |
|----------------|---------------------|-----------------|-------|
| \$25 million | 4 | 2 | \$50 |
| \$10 million | 10 | 6 | \$60 |
| \$5 million | 10 | 6 | \$30 |
| \$1 million | 40 | 25 | \$25 |
| \$500,00 | 60 | 40 | \$20 |
| Below \$500,00 | | | \$10 |

Washington State Opportunity Scholarship

Balance Sheets

As of September 30, 2012 and December 31, 2011

| | As of | |
|----------------------|----------------------|----------------------|
| | 9/30/2012 | 12/31/2011 |
| <u>Assets</u> | | |
| Cash | \$ 1,000 | \$ 144 |
| Investments | 16,069,609 | 10,000,841 |
| Total Assets | \$ 16,070,609 | \$ 10,000,984 |

Liabilities and Net Assets

| | | |
|---|----------------------|----------------------|
| Accounts Payable | \$ 78,965 | \$ 257,667 |
| Scholarship Commitments: (Note A) | 4,421,470 | - |
| Total Liabilities | 4,500,435 | 257,667 |
| Net Assets | 11,570,174 | 9,743,317 |
| Total Liabilities and Net Assets | \$ 16,070,609 | \$ 10,000,984 |

Note A

Scholarship Commitments of \$4,421,470 is the total amount of scholarships awarded to Cohort #1 students of \$7,468,804 less the amount paid through September 30, 2012 as scholarships of \$3,047,334.

Washington State Opportunity Scholarship Income Statements

Total and Nine Months YTD September 30, 2012 with Comparison to Six Months Ended December 31, 2011

| | Total Fifteen Months July 2011 Inception -- September 2012 | | Nine Months YTD September 30, 2012 | | Six Months YTD December 31, 2011 | |
|--------------------------------------|--|----------------------|------------------------------------|---------------------|----------------------------------|----------------------|
| | Actual | | Actual | Budget | Actual | Budget |
| | | Fav (Unfav) Variance | | | | Fav (Unfav) Variance |
| Scholarship Revenue | \$ 20,000,000 | | \$ 10,000,000 | \$ 10,000,000 | \$ 10,000,000 | \$ 10,000,000 |
| Scholarship Expense: (Note B) | (7,468,804) | 31,196 | (7,468,804) | (7,500,000) | | |
| Total Scholarship Net Revenue | 12,531,196 | 31,196 | 2,531,196 | 2,500,000 | 10,000,000 | 10,000,000 |
| Program Expenses | | | | | | |
| Professional Fees | 968,352 | | 710,685 | 710,685 | 257,667 | 257,667 |
| Total Program Expense | 968,352 | | 710,685 | 710,685 | 257,667 | 257,667 |
| Net Surplus (Deficit) | 11,562,844 | | 1,820,511 | 1,789,315 | 9,742,333 | 9,742,333 |
| Investment Income | 7,330 | | 6,346 | 52,693 | 984 | - |
| Total Net Surplus | \$ 11,570,174 | | \$ 1,826,857 | \$ 1,842,008 | \$ 9,743,317 | \$ 9,742,333 |

Note B

Scholarship Expense of \$7,468,804 is the accrual for the total amount of scholarships awarded to Cohort #1 students in 2012.

