



Supporting the next generation of STEM & health care leaders

## BOARD MEETING AGENDA THURSDAY, APRIL 13, 2017 | 1:00-3:00 P.M. MICROSOFT CAMPUS

**CONFERENCE CALL DIAL IN #: 425-706-3500 / PASSCODE: 962135841#**

I. Meeting Called to Order		Brad Smith, Chair	1:00p
II. Approval of Minutes from December 16, 2016 Meeting	[Tab A]	Brad Smith	1:00-1:05p
III. Scholar Spotlight	[Tab B]	WSOS Scholar	1:05-1:15p
IV. Overview of Washington STEM & Transition Update	[Tab C]	Cindy Gustafson, CFO, Washington STEM	1:15-1:35p
V. Cohort 6 Scholar Selection	[Tab D]	Naria K. Santa Lucia WSOS Executive Director	1:35-2:00p
VI. WSOS Activities Update, 2017 WSOS Budget & 2017 Priorities	[Tab E]	WSOS Staff	2:00-2:45p
VIII. Finance Update	[Tab F]	Mack Hogans, F&I Committee Chair Cindy Gustafson	2:45-2:55p
VIII. Closing		Brad Smith	2:55-3:00p

### Important Upcoming Dates

#### Board Meetings (all meetings at 1:00p-3:00p at Microsoft Campus)

- Thursday, June 29, 2017
- Tuesday, October 3, 2017
- Thursday, December 7, 2017

#### Events

- Eat Drink Talk STEM Spokane | Tuesday, April 18, 2017
- Skills that Shine Wrap Party | Thursday, April 27, 2017
- OpportunityLaunch | Sunday-Tuesday, August 7-9, 2017
- OpportunityTalks | Thursday, November 2, 2017

## **Tab A**

**Minutes from the December 12, 2016 Board Meeting**



**WASHINGTON STATE OPPORTUNITY SCHOLARSHIP BOARD MEETING  
DECEMBER 12, 2016, 2:30 - 3:30 P.M., MICROSOFT CAMPUS  
MINUTES**

The Board of Directors of the Washington State Opportunity Scholarship (WSOS) met on December 12, 2016 at the Microsoft headquarters in Redmond, Washington.

Board members: Brad Smith (Board Chair), Miller Adams, Jane Park, and Jim Sinegal present; Diane Cecchettini, Mack Hogans, Gary Rubens, and Mike Wilson by phone

Additional attendees: Naria Santa Lucia, Jane Broom, Klondy Canales, Karyl Gregory, Megan Nelson, Juliette Schindler Kelly, and Sam Whiting present; Terrie Ashby-Scott, Theresa Britschgi, Rachel Johnson, Maria Rebecchi, Caitlin Spence, Yolanda Watson Spiva, and Brandon Yu by phone

**Meeting Called to Order**

Having a quorum of the Board, Brad Smith, Board Chair of WSOS, welcomed everyone and called the Board meeting to order at 2:33 pm.

Miller Adams moved that the minutes of the November 1, 2016 meeting be approved. Jim Sinegal seconded the motion. The motion carried unanimously.

**Key Highlights of the 2016 WSOS Legislative Report**

Megan Nelson presented highlights from the 2016 WSOS Legislative Report including an overview of Cohort 5, a financial summary of scholarships awarded to date, data on the employment of 2015 WSOS graduates, and an update on degrees earned by all WSOS graduates to date. Nelson also reported that the three Opportunity Expansion grants have been awarded. It was suggested that one of the grantees be invited to present their efforts to date at the next board meeting. Nelson further reported that next year's Legislative Report will be done online using an interactive approach.

**Review of Proposed Changes to WSOS Statute**

Naria Santa Lucia identified several proposed changes to the WSOS Statute for the 2017 Legislative Session. The first change is related to the expansion of WSOS into funding professional/technical degree programs. Draft language will establish a separate fund for these programs called the Pathways Fund. It will be tied to 34 approved programs offered by the State Board for Community Technical Colleges and will be designed by the Board next year around high-demand programs.

The second proposed change to the WSOS Statute involves two technical fixes. The first change would provide WSOS Scholars who cannot fill out a Federal Student Aid (FAFSA) or purposes of showing income eligibility when renewing the scholarship, the ability to fill out the Washington State Financial Aid (WASFA) application.

Santa Lucia reported that the second technical fix was intended to clarify roles of the Program Administrator and the WSOS Board.

Sinegal made a motion to approve these three proposed changes to the WSOS Statute. Adams seconded the motion and it carried unanimously. Brad Smith will pursue next steps with Dave Stoller.

**WSOS Staff Report**

Klondy Canales, WSOS Program Officer, presented a program update on promotion, retention, and career readiness. Canales reported that the WSOS application opens on January 3<sup>rd</sup> with the goal of selecting 1850 students for the 2017-2018 college year. Canales further reported that Office Hours continue to be held in



colleges and universities across the state. Additionally, the career readiness program launched our Skills That Shine this fall – a mentoring pilot program which matches 200 mentors and mentees.

Santa Lucia provided an update on the new program administrator selection for which the deadline was December 9<sup>th</sup>. She reported that the contract with the new program administrator will be effective February 1, 2017 and the CSF contract will terminate on February 9, 2017.

Santa Lucia provided an update on the outreach of WSOS through media, and finally, reported that the GeeksGiveBack campaign goal was \$1M and WSOS was named the sole beneficiary. The campaign ultimately raised \$1.2M and a celebration will be held this evening.

**Finance & Investment Update**

Mack Hogans reported that the performance of the WSOS scholarship and endowment funds reflected some uncertainty in October due to the upcoming election while November showed strong returns.

Hogans further reported that the Finance & Investment Committee will examine our asset allocation and fund manager. It is not anticipated that anything will be done differently in the future but this examination will be done as a matter of good practice. A report on findings will be presented at the next Committee meeting.

Hogans reported that new committee members are needed who have a strong background in finance. Committee members are asked to send recommended names, especially those who are located in Spokane, to Santa Lucia or Hogans.

The meeting adjourned at 3:26 pm.

Respectfully submitted,  
Karyl Gregory

DRAFT

## **Tab B**

### **Scholar Spotlight**

## SCHOLAR SPOTLIGHT



CARLY MARSHALL

Carly is a UW WSOS Scholar preparing in Forest Resource Management under the Environmental Science major. She will be the only woman in this year's graduating class (N=20). Carly graduated from Camus High School in southwest Washington, but her family is from Sequim and are members of the Klallam tribe. Carly works in a UW research lab and last year her project took her back to the Peninsula where her work led her to climb trees to track trunk and limb measurements.

Mack Hogans is kindly mentoring her this spring as she eventually wants to work in policy.

***Carly's take on her progress as a woman in STEM:*** "Thanks to WSOS, I have been able to treat my education as my job. Without this scholarship, I would not have had the financial freedom to pursue internships/research opportunities and fully invest in school."

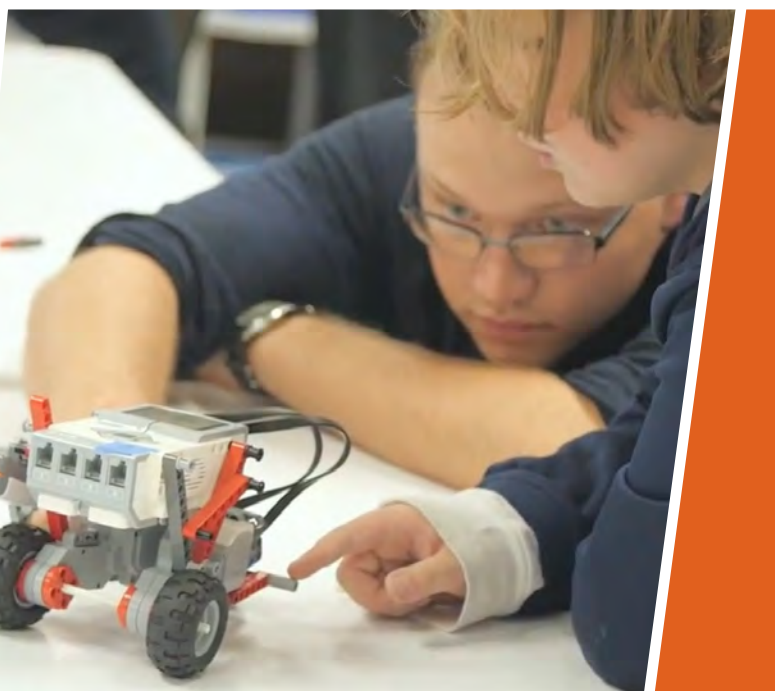
# **Tab C**

## **Washington STEM Overview & Transition Update**



# WASHINGTON STEM

BUILDING A FUTURE READY WASHINGTON





Washington STEM advances excellence, equity, and innovation in science, technology, engineering, and math (STEM) education for all students in Washington state.

# WHO WE ARE



**94%** of Washington voters believe every child should have access to a high-quality science, technology, engineering, and math (STEM) education in the state's K-12 public schools.

# YOUNG PEOPLE GROW UP IN WASHINGTON SURROUNDED BY A THRIVING ECONOMY,

brimming with careers in STEM. Yet, students don't always receive the support they need to be able to participate, especially students of color, girls, or those living in rural areas.

What if all students could explore their interests in STEM? What if we could work alongside students to unleash and empower their curiosity? Imagine the **innovation** and ideas young people could bring to life if given the opportunities to cultivate their interests and develop critical STEM skills.

Washington STEM is working to build a **Future Ready Washington**—where all young people have the technical acumen, creativity, and problem-solving skills to thrive in our innovative economy and become strong members of our community.



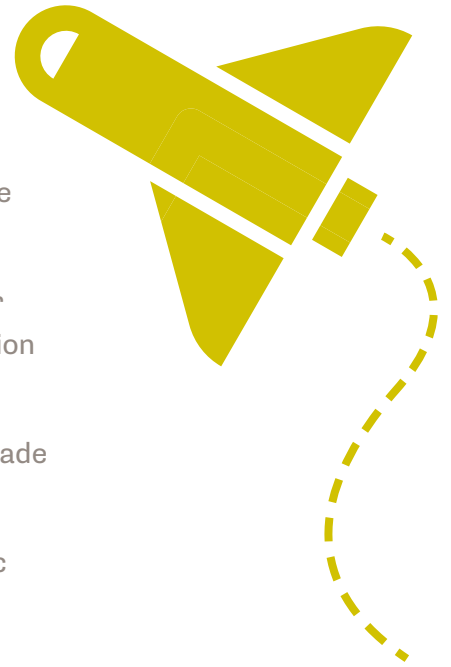


AT WASHINGTON STEM

# WE THINK BIG

## By 2025, we envision:

- All K-12 students have access to computer science learning opportunities
- All high school graduates have an inspiring career goal and are prepared to succeed in related education and training pathways
- All children enter kindergarten and reach third grade on track in math
- All K-12 students demonstrate proficiency in basic science and engineering skills
- 70% of Washington students earn a postsecondary degree or credential



Through our approach, fostering breakthrough ideas, advocating for policy change, and developing community partnerships, we are uniquely positioned to accelerate and scale improvements in STEM education.

We prioritize equity with the goal of providing students, especially those who are underrepresented in STEM industries, with a high-quality STEM education.



**“Washington STEM is the glue  
in the STEM ecosystem.”**

*~Naria Santa Lucia, Executive  
Director at Washington State  
Opportunity Scholarship*

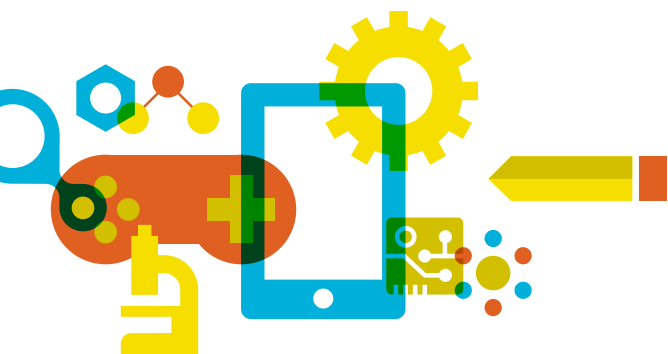
# INNOVATION:


## SCALING BREAKTHROUGH IDEAS

Washington STEM incubates breakthrough ideas and scales proven and promising practices in STEM teaching and learning in K-12 settings. We provide thought partnership and financial support to propel innovative ideas forward.

### We focus our efforts on four critical areas:

- **Computer Science Education:** We work to increase the availability and quality of computer science education opportunities.
- **Career Connected Learning:** We work to increase the availability and quality of real world career connected learning opportunities.
- **Science and Engineering:** We develop high-quality and scalable models to bring science and engineering to every student.
- **Early Math:** We work with partners in education and the community at large to bring high-quality math education to early learners.



A woman with long dark hair, wearing a bright green lab coat over a white shirt, is working in a greenhouse. She is looking down at a tray of small green seedlings in a black plastic tray. The greenhouse has a metal frame and a mesh roof. The background is slightly blurred, showing more of the greenhouse structure.

**“Washington STEM is like a  
STEM cheerleader supporting the work  
here in the trenches and giving me  
an avenue to share the story of  
my students.”**

*~Lisa Heaman, Principal,  
West Hills STEM Academy, Bremerton*



## POLICY

# ADVOCATING FOR SYSTEMS-LEVEL CHANGE

We engage diverse stakeholders and communities to define and advocate for important policy changes to advance STEM education.

### Our work has resulted in:

- Regional STEM Networks established from Spokane to Vancouver to build support for STEM education across sectors
- Legislation that allows AP Computer Science credits to count toward graduation
- The addition of engineering as a core curricular component for K-12 students by 2018

## PARTNERSHIPS

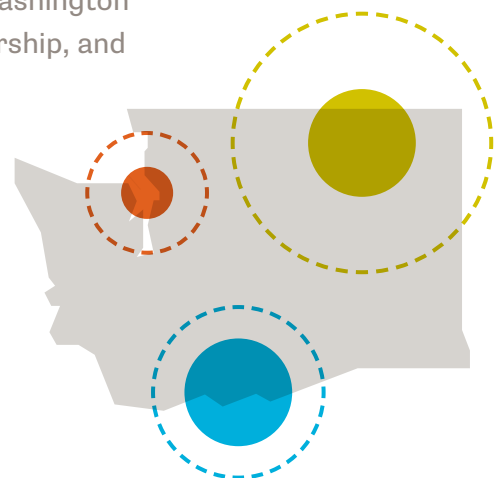
# FOSTERING COMMUNITY CONNECTIONS

Our regional STEM Networks and partnerships bring together educators, STEM professionals, businesses, and community leaders to support student success and ensure that students build skills in alignment with local economies.

“Washington STEM is better poised than anyone to help us lead this next generation conversation around matching student education with workforce needs.” ~ *Alisha Benson COO & VP of Education & Workforce at Greater Spokane Incorporated*

### Our work has resulted in:

- Regional STEM Networks established to build support for STEM education across sectors
- In 2015 alone, \$4.8M raised and \$20.3M leveraged through connections with public and private donors for STEM education
- Key statewide nonprofit collaborations developed with leading education organizations, including School's Out Washington, Code.org, TEALS, LASER, Washington MESA, Washington State Opportunity Scholarship, and Thrive Washington





94% of Washington voters believe every child in the state should have access to a high-quality STEM education in Washington's K-12 public schools.

(Source: Washington STEM & Strategies 360 survey, 2017)



## TAKE ACTION TODAY

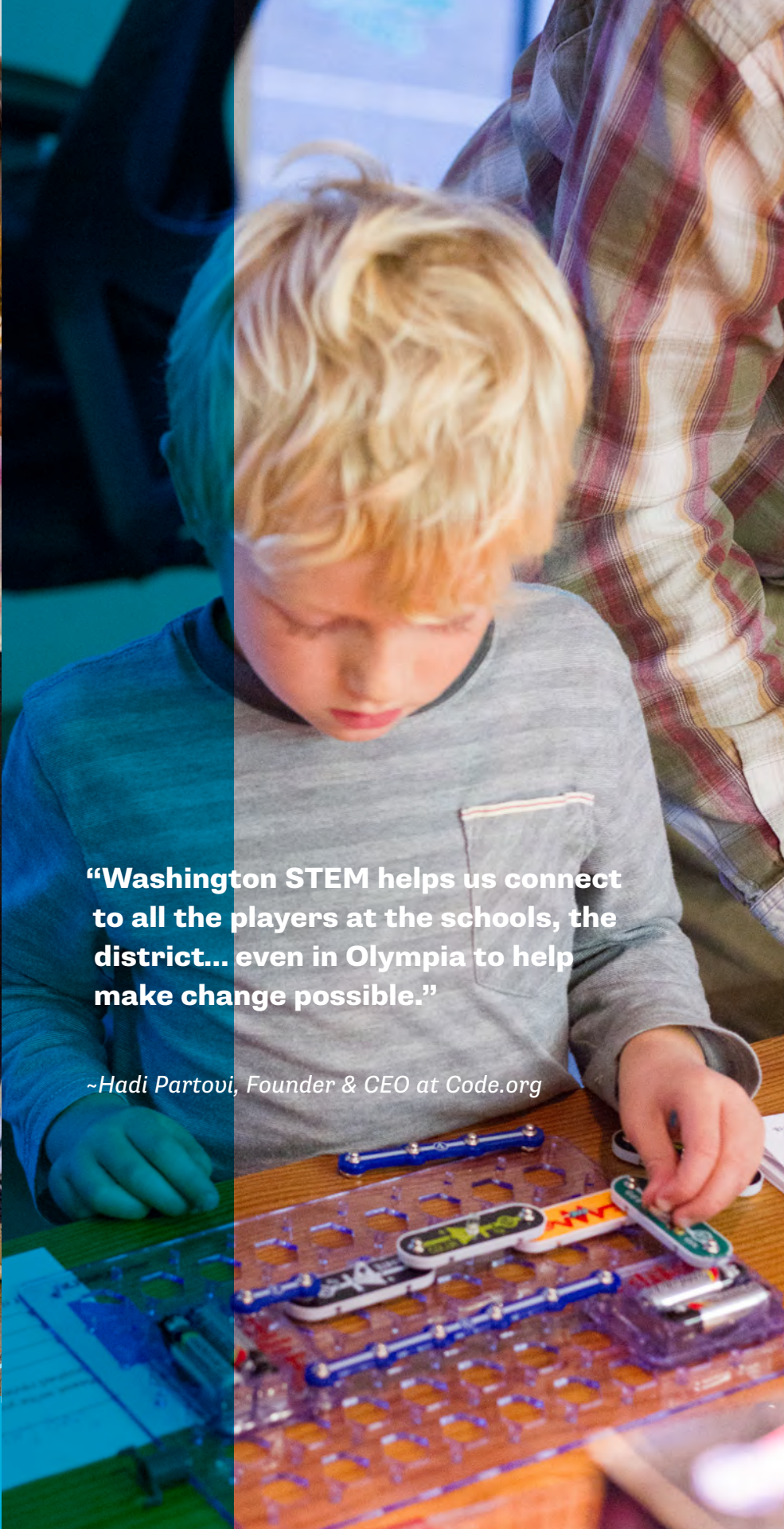
### Looking for more ways to get involved?

- Make a gift to Washington STEM and invest in high-impact STEM programs in Washington state
- Advocate for STEM education for all with your elected officials
- Attend a Washington STEM event to learn more
- Ask others to join you in making a difference and share your support of Washington STEM on social media [@washingtonstem](#)



CONNECT WITH US





**“Washington STEM helps us connect to all the players at the schools, the district... even in Olympia to help make change possible.”**

*~Hadi Partovi, Founder & CEO at Code.org*



STEM  
**CHANGES**  
EVERYTHING



WASHINGTON

**STEM**

REIMAGINING SCIENCE, TECHNOLOGY,  
ENGINEERING + MATH EDUCATION

210 S. HUDSON STREET  
SEATTLE, WA 98134

CONNECT WITH US  

# Washington State Opportunity Scholarship Program Administration

Executive Summary Update | March 28, 2017

**Note:** This summary was distributed to the Washington STEM Board for its meeting on March 23, 2017 and has been updated with the most current information as of March 28, 2017.

## BACKGROUND

WSOS is a public private partnership established by the Legislature in 2011 (28B.145 RCW Opportunity Scholarship Act) to increase access to high-demand STEM and health care majors for low-and middle income students through scholarships and academic supports. College Success Foundation (CSF) served as program administrator from inception in 2012 until January 31, 2017 via an interagency contract with State of Washington-Washington Student Achievement Council (WSAC) and the WSOS Board. The legislation describes in detail the program design and how the program is to be funded and administered. There will be a full program review by the state in 2018 as required in the bill.

The WSOS Board gave 90-day notice of termination to College Success Foundation and WSAC issued an RFP on November 10, 2016 for administrative services only (IT, HR and Finance and Administration).

Washington STEM was selected as the successful bidder. Effective February 1, 2017, the Board of the Organization approved a contract for professional services between the State of Washington Student Achievement Council and the Washington State Opportunity Scholarship Board whereas the Organization will serve as Program Administrator to the Washington State Opportunity Scholarship program (WSOS). The contract term ends June 30, 2018 with options to extend to future periods.

## WSOS FINANCIAL SUMMARY

At the time program administration was transferred to Washington STEM, the annual operating budget of WSOS was \$14 million, of which an estimated \$12 million will be paid out in scholarships for the 2016-2017 academic year.

Below is a summary of preliminary balances for WSOS assets and liabilities provided by CSF, before any adjustment to the scholarship liability which is described below, as of January 31, 2017:

Cash	\$12,000,000
Investments	\$73,000,000
Pledges and grants receivable	\$42,000,000
Total Assets	\$127,000,000
Scholarship Liabilities	\$30,000,000
Net Assets as of June 30, 2016	\$75,000,000
Increase in Net Assets for the 7 months ending January 31, 2017	\$22,000,000

The amounts reported for scholarship liabilities and scholarship expense are based on the previous program administrator's long term projections of scholarship commitments by academic year which have been calculated using certain estimates such as retention rates and other assumptions that affect the reported amounts of liabilities and expenses during the relevant period.

WSOS has updated the financial model which is used to project the amounts of current and non-current scholarship liabilities. Washington STEM Finance staff have been in the process of reconciling this updated model with the amount of actual payments made and reviewing key assumptions with the WSOS program team. Based on this update to the model as of January 31, 2017, an adjustment to reduce liabilities by approximately \$7.5 million is indicated. This is largely due to a change in the method used to estimate retention rates to actual history of the program. CSF's model used a population that they felt would be comparable to the WSOS students; the WSOS calculations use actual experience for WSOS cohorts 1, 2 and 3. The proposed adjustment is thus based on actual experience with this program and is deemed to be a more accurate estimate for

projecting future liabilities. This matter was discussed with CSF and with Clark Nuber who audits both entities. CSF has agreed to record the adjustment as of January 31, 2017 as part of the transfer of the program assets and liabilities. They have said they will complete their work by March 31, 2017. Once numbers have been received, the beginning balances can be recorded on Washington STEM books and disclosed in the Washington STEM audited financial statements for 2016 (please reference draft audit report, Footnote 7, which has been included in your materials). It is reasonable to expect that a similar disclosure will be made in the audited financial statements for CSF.

## WASHINGTON STEM RESPONSIBILITIES UNDER THE CONTRACT

Washington STEM has a workplan to deliver services in support of the WSOS program with the following key milestones, in addition to the baseline support in each of the key areas (IT, HR and Finance and Administration).

- Q1-2017: Employees on boarded, complete transition from CSF including all program data, financials and donor information to report program revenues, costs and student outcomes with accuracy from inception
- Q2-Q3-2017; Accounting system conversion and system integrations, financial reporting
- Q4-2017; Annual program report to legislature
- Q1-2018; First audited financial statements and Form 990 for combined programs under WASTEM;
- Q2-2018; Secure contract renewal; prepare for state audit of program

Outside of the scope of the contract but also very important are the opportunities to more closely align the programmatic work of the two organizations, given our common missions (i.e. to increase Washington student achievement in STEM education, with emphasis on closing the gender and race gap in high demand STEM careers).

- To closely coordinate on pathways to STEM careers from inspiration, support, academic progress and higher ed by aligning programmatic initiatives in math, engineering, computer science, career-connected learning for the greatest impact in those US/UR populations
- Co-leverage Washington STEM's network of regional STEM networks and STEM Innovation program and policy initiatives to increase the pool of qualified applicants for WSOS scholarships and employed graduates

## WASHINGTON STEM CONTRACT PRICING

Washington STEM has agreed to provide Core Responsibilities of the Program Administrator (HR, IT and Finance and Accounting Management) for the following fees. One-time transition costs and costs of the interim solution have been included separately in each year, as appropriate. Insurance requirements include substantial new requirements for Cyber Security and Privacy Breach which WSOS agreed to pay separately. We upgraded Washington STEM's insurance coverage effective February 2017, primarily for D&O and other liability coverage plus the new cyber liability coverage, and are in compliance with this contract.

CORE SERVICES	
YEAR 1 (5 Months + Transition Costs)	YEAR 2 (12 Months)
\$241,452	\$402,775

## TRANSITION STATUS

The award of this bid and satisfactory contract negotiations have resulted in the following immediate actions by Washington STEM to implement the new role:

- Immediate set up of an interim solution using interim staff (January start)
- Addition of an Accountant (February start)

- Addition of a Controller to support the migration of the accounting system and to support the CFO in expanded management role (late March start)
- Contract with Clark Nuber to assist in the conversion to more robust accounting and reporting software (the hosted version of Abila MIP Fund Accounting) during Q2 and Q3 of this year.
- Upgrade insurance coverage to meet state requirements; procured cyber liability policy.
- Perform due diligence on balances transferred from CSF and cash reconciliations
- New cash account; transfer responsibility for investments at Washington State Investment Board to Washington STEM
- Support program staff in set up of new donor data base and gift system
- Support program staff in integration of new scholarship system with financial system
- Preparation for first WSOS Board meeting and Finance/Investment Committee meetings (April)
- Establishment of WSOS program in Washington STEM accounting system
- Develop investment policy for funds in Key Bank for review and approval by WSOS Board; incorporate most recent opinion from AG

Washington STEM CEO Patrick D'Amelio will be leaving the organization, effective April 14, 2017. The Washington STEM Board has elected to pursue an internal solution to the next CEO role and expects to have a decision within a few weeks. The Washington STEM Leadership Team is committed to the partnership with WSOS and is looking forward to engaging in a program planning process as it makes sense to the WSOS Program team.

Prepared by Cindy J. Gustafson  
March 28, 2017



Financial Statements

For the Year Ended December 31, 2016

## Table of Contents

---

	Page
<b>Independent Auditor's Report</b>	1 - 2
<b>Financial Statements:</b>	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 11
<b>Supplementary Information:</b>	
Schedule of Functional Expenses	12



## **Independent Auditor's Report**

**To the Board of Directors  
Washington STEM  
Seattle, Washington**

We have audited the accompanying financial statements of Washington STEM (the Organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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

10900 NE 4th St  
Suite 1700  
Bellevue WA  
98004

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2016, activities and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the Organization's 2015 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated March 23, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of functional expenses shown on page 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Clark Nuber PS*

Certified Public Accountants  
March 30, 2017

WASHINGTON STEM

Statement of Financial Position  
December 31, 2016  
(With Comparative Totals for 2015)

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 4,168,668	\$ 3,404,718
Accounts receivable	197,877	134,417
Current portion of pledges receivable	2,829,000	2,118,133
Prepaid expenses	34,802	28,460
<b>Total Current Assets</b>	<b>7,230,347</b>	<b>5,685,728</b>
Long-term portion of pledges receivable, net	1,067,940	1,477,837
Furniture, fixtures and equipment, net	87,662	35,992
<b>Total Assets</b>	<b>\$ 8,385,949</b>	<b>\$ 7,199,557</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts and grants payable	\$ 207,390	\$ 163,564
Accrued liabilities	204,297	172,979
<b>Total Current Liabilities</b>	<b>411,687</b>	<b>336,543</b>
<b>Net Assets:</b>		
Unrestricted	3,939,911	3,801,801
Temporarily restricted	4,034,351	3,061,213
<b>Total Net Assets</b>	<b>7,974,262</b>	<b>6,863,014</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 8,385,949</b>	<b>\$ 7,199,557</b>

See accompanying notes.

WASHINGTON STEM

Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2016  
(With Comparative Totals for 2015)

	Unrestricted	Temporarily Restricted	2016	2015
<b>Support and Revenue:</b>				
Corporations	\$ 73,459	\$ 4,115,104	\$ 4,188,563	\$ 667,000
Foundations	9,049	736,500	745,549	588,682
Individuals	254,784	1,002,000	1,256,784	3,307,665
In-kind contributions	41,348		41,348	67,967
Contract revenue	798,032		798,032	184,250
Other income	16,509		16,509	28,638
Net assets released from restriction	4,880,466	(4,880,466)		
<b>Total Support and Revenue</b>	<b>6,073,647</b>	<b>973,138</b>	<b>7,046,785</b>	<b>4,844,202</b>
<b>Expenses:</b>				
Program services	4,622,618		4,622,618	2,647,798
Management and general	561,960		561,960	443,381
Fundraising	750,959		750,959	559,776
<b>Total Expenses</b>	<b>5,935,537</b>		<b>5,935,537</b>	<b>3,650,955</b>
<b>Change in Net Assets</b>	<b>138,110</b>	<b>973,138</b>	<b>1,111,248</b>	<b>1,193,247</b>
Net assets, beginning of year	3,801,801	3,061,213	6,863,014	5,669,767
<b>Net Assets, End of Year</b>	<b>\$ 3,939,911</b>	<b>\$ 4,034,351</b>	<b>\$ 7,974,262</b>	<b>\$ 6,863,014</b>

See accompanying notes.

**WASHINGTON STEM****Statement of Cash Flows  
For the Year Ended December 31, 2016  
(With Comparative Totals for 2015)**

	<u>2016</u>	<u>2015</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 1,111,248	\$ 1,193,247
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Depreciation and amortization	16,275	13,220
Loss on disposal of assets	12,764	
Change in assets and liabilities:		
Pledges receivable	(300,970)	553,664
Accounts receivable	(63,460)	(134,417)
Prepaid expenses	(6,342)	10,660
Accounts payable	43,826	105,775
Accrued liabilities	31,318	(217,979)
<b>Net Cash Provided by Operating Activities</b>	<b>844,659</b>	<b>1,524,170</b>
<b>Cash Flows From Investing Activities:</b>		
Purchases of furniture, fixtures and equipment	(80,709)	(5,780)
<b>Net Cash Used in Investing Activities</b>	<b>(80,709)</b>	<b>(5,780)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>763,950</b>	<b>1,518,390</b>
Cash and cash equivalents, beginning of year	3,404,718	1,886,328
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 4,168,668</b>	<b>\$ 3,404,718</b>

See accompanying notes.

## WASHINGTON STEM

### Notes to Financial Statements For the Year Ended December 31, 2016

---

#### Note 1 - Significant Accounting Policies

**Organization** - Washington STEM (the Organization) is a nonprofit organization dedicated to advancing innovation, equity, and excellence in science, technology, engineering, and mathematics (STEM) education. The Organization mobilizes education, business, and civic leaders to fulfill their shared responsibility to accelerate improvements in STEM instruction throughout the State of Washington and dramatically improve learning outcomes for all students.

As a nonprofit venture fund, the Organization makes investments to test and validate scalable approaches for improving STEM teaching. The Organization spurs and supports the delivery of effective real-world STEM learning opportunities to students in and out of school. The Organization also identifies and generates knowledge, tools and resources to build capacity in the field and fuel advocacy efforts. All of its efforts are designed to increase student performance, college readiness and success, and the pursuit of STEM degrees and careers, including STEM teaching. Program services reflect the grants and investments made directly to tax-exempt organizations, as well as in-kind support provided, to support the generation, capture, sharing and application of promising practices to improve STEM teaching and learning at scale. This nonprofit venture model will dramatically expand the reach and impact of the Organization's strategy across the state and nation.

**Basis of Presentation** - The financial statements of the Organization are presented on the accrual basis of accounting. Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed restrictions and unrestricted net assets designated by the Organization for various purposes.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or passage of time. Temporarily restricted net assets were time and purpose restricted at December 31, 2016 and 2015.

Permanently Restricted Net Assets - Support received in the form of endowment or sustaining funds which can never be spent. The Organization had no permanently restricted net assets at December 31, 2016 and 2015.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets.

**Revenue Recognition** - Cash contributions are recorded as revenue in the period received, in accordance with donor restrictions. Unconditional promises to give (pledges) are recorded at fair value in the period the promise is received, in accordance with donor-imposed restrictions. Program grants are recorded as purpose-restricted revenue with release of restrictions upon completion of the project. For contracts, which represent agency commitments to provide funds upon completion of project milestones or deliverables, revenue is recognized in the statement of activities and changes in net assets once the milestones or deliverables have been completed. Other revenue consists of seminar registration fees and is recognized when the seminar occurs.

## WASHINGTON STEM

### Notes to Financial Statements For the Year Ended December 31, 2016

---

#### Note 1 - Continued

**Fiscal Sponsorships** - In September 2016, the Organization entered into an agreement to serve as a fiscal sponsor for Project Pilgrimage. Project Pilgrimage works to enhance equity through access to education. Revenue from this program consists of purpose restricted contributions. Program expenses are included in program services in the statement of activities and changes in net assets.

**Cash and Cash Equivalents** - Cash and cash equivalents consist of savings and demand deposit accounts at December 31, 2016 and 2015.

**Pledges Receivable** - Pledges receivable, unconditional promises to give, that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in revenue and support in the statement of activities and changes in net assets. Conditional promises to give are recognized when the conditions on which they depend are substantially met. There were no outstanding conditional pledges at December 31, 2016 and 2015.

Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable.

**Furniture, Fixtures and Equipment** - The Organization capitalizes furniture, fixtures and equipment with a value greater than \$1,000, at cost, or at fair value on the date received if donated. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets, ranging from four to seven years. Leasehold improvements are depreciated over the shorter of their useful life or the lease term.

**In-Kind Contributions** - The Organization recognizes as revenue, in the statement of activities and changes in net assets, the value of donated goods and certain services at their fair values on the date received or pledged. The fair value of the donated services is recognized in the financial statements when the services received create or enhance nonfinancial assets, or require specialized skills, are provided by individuals possessing these skills, and would have been purchased if not donated. The value of donated goods and services totaled \$41,348 and \$67,967 for the years ended December 31, 2016 and 2015, respectively.

**Grant and Investment Expense** - The Organization awards cash and in-kind grants and contributions in the form of professional services and expertise to tax-exempt organizations to accelerate and support STEM education throughout Washington State. Grant and investment expense is recognized on the statement of activities and changes in net assets as program expense at the time committed by the Organization. For in-kind grants, the Organization recognizes as expense the value of granted goods and services at their fair values at the time the grant was made. Grants payable over more than one year are recorded at their discounted present value using a risk-adjusted rate of return. Changes in discounts are recognized over the period of the promise as adjustments to grant expense. Grants payable are included in accounts payable on the statement of financial position and totaled \$115,228 and \$48,000 at December 31, 2016 and 2015, respectively.

## WASHINGTON STEM

### Notes to Financial Statements For the Year Ended December 31, 2016

---

#### Note 1 - Continued

**Vulnerability From Certain Concentrations** - Financial instruments that potentially subject the Organization to concentrations of credit and market risk consist primarily of cash and cash equivalents. Cash and cash equivalents held by one financial institution exceeded federally insured limits at times during the years ended December 31, 2016 and 2015, respectively.

During the year ended December 31, 2016, 71% of the Organization's revenue was from two donors and 83% of its pledges receivable were from three donors. For the year ended December 31, 2015, 73% of the Organization's revenue was from one donor and 87% of its pledges receivable were from three donors.

**Federal Income Tax Status** - The Internal Revenue Service has determined the Organization to be a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income tax has been made in these financial statements.

**Functional Expenses** - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among program, management and general, and fundraising categories based on the benefits derived.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results may differ from such estimates.

**Prior Year Summarized Information** - For comparative purposes, the financial statements include certain prior-year summarized information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

**Subsequent Events** - The Organization has evaluated subsequent events through March 30, 2017, the date on which the financial statements were available to be issued. See Note 7 for additional information on subsequent events.

#### Note 2 - Pledges Receivable

Pledges receivable were as follows at December 31:

	<u>2016</u>	<u>2015</u>
Pledges receivable expected in less than one year	\$ 2,829,000	\$ 2,118,133
Pledges receivable expected in one to nine years	<u>1,101,500</u>	<u>1,484,000</u>
	3,930,500	3,602,133
Present value discount	<u>(33,560)</u>	<u>(6,163)</u>
<b>Pledges Receivable</b>	<b><u><u>\$ 3,896,940</u></u></b>	<b><u><u>\$ 3,595,970</u></u></b>



## WASHINGTON STEM

### Notes to Financial Statements For the Year Ended December 31, 2016

---

#### Note 2 - Continued

Pledges receivable with due dates extending beyond one year were discounted using discount rates based on risk adjusted rates of return of 0.85% and 0.32% at December 31, 2016 and 2015, respectively. An allowance for uncollectible pledges was not considered necessary at December 31, 2016 and 2015.

From time to time, the Organization receives contributions from its board members. Contributions from board members totaled \$31,050 and \$0 for the year ended December 31, 2016 and 2015, respectively. Pledges outstanding from board members totaled \$325,000 and \$567,000 at December 31, 2016 and 2015, respectively.

#### Note 3 - Furniture, Fixtures and Equipment

Furniture, fixtures and equipment consisted of the following at December 31:

	<u>2016</u>	<u>2015</u>
Office equipment	\$ 101,089	\$ 61,727
Furniture and fixtures	16,967	16,967
Leasehold improvements	<u>4,768</u>	
	122,824	78,694
Less accumulated depreciation	<u>(35,162)</u>	<u>(42,702)</u>
<b>Furniture, Fixtures and Equipment, Net</b>	<b><u>\$ 87,662</u></b>	<b><u>\$ 35,992</u></b>

#### Note 4 - Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following at December 31:

	<u>2016</u>	<u>2015</u>
Time restricted	\$ 2,650,322	\$ 2,460,837
Purpose restricted for STEM program initiatives	344,618	600,376
Purpose restricted for Project Pilgrimage	<u>1,039,411</u>	
<b>Total Temporarily Restricted Net Assets</b>	<b><u>\$ 4,034,351</u></b>	<b><u>\$ 3,061,213</u></b>

Temporarily restricted net assets totaling \$4,880,466 were released from restriction during the year ended December 31, 2016. Of that amount \$3,789,104 was released due to the passage of time, and \$1,091,362 was released as the purpose of the gifts had been fulfilled.

#### Note 5 - Facilities License Agreement

In July 2010, the Organization entered into a commercial office license agreement for its office facilities with a related party. The original license agreement was for five years and provided for one renewal option for up to five additional years. The payments due under the terms of the license agreement include base rent and the Organization's share of utilities and parking expenses.

## WASHINGTON STEM

### Notes to Financial Statements For the Year Ended December 31, 2016

---

#### Note 5 - Continued

In May 2012, the commercial office license agreement was amended to reduce the amount of base rent paid by the Organization for the remaining term of the license agreement. In addition, an early termination fee was added to the license agreement in the amount of \$125,000 to be reduced by \$25,000 per year over the five year term of the license agreement.

In September 2015, the commercial office license agreement was amended to extend the license through September 30, 2018. In September 2016, the commercial office license agreement was amended to increase the square footage and increase the base rent to \$89,117 per year (increasing 3% every October 1) and operating expenses of \$36,358 per year (increasing 4% every October 1).

Effective February 1, 2017, the Organization leased office space for the Washington State Opportunity Scholarship Program (Note 7). Rent expense under the terms of the lease is approximately \$50,000 per year and will increase by 4% per year through the five year term of the lease. These amounts are included in the total minimum payments shown below.

The total minimum payments due under both of these agreements for future years are as follows:

2017	\$	176,484
2018		152,306
2019		54,005
2020		56,050
2021		69,145
Thereafter		<u>5,860</u>
<b>Total Future Minimum License Payments</b>	<b>\$</b>	<b><u>513,850</u></b>

Facilities expense incurred under the license agreement totaled \$133,938 and \$112,351 for the years ended December 31, 2016 and 2015, respectively.

#### Note 6 - Retirement Plan

The Organization sponsors a 401(k) employee benefit retirement plan (the Plan) covering all full-time employees who have completed one month of service. Participating employees may make voluntary contributions, and the Organization makes matching contributions equal to 100% on the first 3% of an employee's elective salary deferral, and then 50% on the elective salary deferral in excess of 3% to a maximum of 5%, for a total possible match of 4%. These matching contributions vest immediately. The Organization's matching contributions to the Plan totaled \$87,872 and \$72,031 for the years ended December 31, 2016 and 2015, respectively. The Organization may also elect to make discretionary contributions to participants pending board approval; however, no such contributions were made for the years ended December 31, 2016 or 2015.

**WASHINGTON STEM**

**Notes to Financial Statements  
For the Year Ended December 31, 2016**

---

**Note 7 - Subsequent Events (Unaudited)**

Effective February 1, 2017, the Board of the Organization approved a contract for professional services between the State of Washington Student Achievement Council and the Washington State Opportunity Scholarship Board whereas the Organization will serve as Program Administrator to the Washington State Opportunity Scholarship program (WSOS). The contract term ends June 30, 2018 with options to extend to future periods.

At the time program administration was transferred to Washington STEM, the annual operating budget of WSOS was \$15 million (unaudited), of which an estimated \$13 million (unaudited) will be paid out in scholarships for the 2016-2017 academic year.

Below is a summary of WSOS assets and liabilities transferred for administration by the Organization at January 31, 2017. (These amounts are unaudited).

Cash	\$ 11,860,622
Investments	74,278,010
Other assets	24,378
Pledges and grants receivable	<u>41,782,734</u>
<b>Total Assets</b>	<b><u>\$ 127,945,744</u></b>
Scholarship Liabilities	\$ 21,790,028

The amounts reported for scholarship liabilities and scholarship expense are based on the previous program administrator's long term projections of scholarship commitments by academic year which have been calculated using certain estimates such as retention rates and other assumptions that affect the reported amounts of liabilities and expenses during the relevant period. Actual results could differ from the estimates.

**SUPPLEMENTARY INFORMATION**

WASHINGTON STEM

Schedule of Functional Expenses  
 For the Year Ended December 31, 2016  
 (With Comparative Totals for 2015)

	Supporting Services			Total Supporting Services	2016	2015
	Program Services	Management and General	Fundraising			
Grants and investments	\$ 2,098,846	\$ -	\$ -	\$ -	\$ 2,098,846	\$ 749,223
Salaries, taxes and benefits	1,544,981	374,322	668,848	1,043,170	2,588,151	1,991,237
Consultants and professional services	539,794	69,988	7,700	77,688	617,482	496,754
Convenings, conferences and travel	292,771	2,366	12,357	14,723	307,494	173,387
Operating costs	146,226	115,284	62,054	177,338	323,564	240,354
<b>Total Expenses</b>	<b>\$ 4,622,618</b>	<b>\$ 561,960</b>	<b>\$ 750,959</b>	<b>\$ 1,312,919</b>	<b>\$ 5,935,537</b>	<b>\$ 3,650,955</b>

See independent auditor's report.

**WASHINGTON STEM**

Letter of Internal Control Comments

December 31, 2016

**To Management and the Board of Directors  
Washington STEM  
Seattle, Washington**

In planning and performing our audit of the financial statements of Washington STEM (the Organization) as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Clark Nuber PS*

Certified Public Accountants  
March 30, 2017



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

10900 NE 4th St  
Suite 1700  
Bellevue WA  
98004

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

# **Tab D**

## **Cohort 6 Scholar Selection**





Supporting the next generation of STEM & health care leaders

# COHORT 6 SCHOLAR SELECTION



April 13, 2017

# Cohort 6 Selection: The Need

## Cohort 5

- 3,779 submitted applications
  - 77% increase from C4
- 2,317 preliminarily eligible
  - 61% of submitted applications
- 1,450 will be selected

## Cohort 6

- 3,748 submitted applications
  - On par from C5
- 2,453 preliminarily eligible
  - 65% of submitted applications
- 1,850 will be selected



# Factors for Consideration

## Recommended Cohort 6 Model

- Major category of study
- GPA
- Family income
- First generation status
- Essay (tie-breaker only)



Supporting the next generation of STEM & health care leaders

# Two-Part Formula

## Category

- *Points assigned*
  - **Major:** # Job openings
  - **GPA:** Increments of 0.25
  - **Family Income:** Quartiles
  - **First Generation:** Yes/No
  - **Essay:** Scoring

## Importance Rank

- *Used as a multiplier*
- Order of importance:
  1. Major
  2. GPA
  3. Family income
  4. First generation status
  5. Essay (tie-breaker only)



# Recommended Selection Formula

EMPLOYMENT FIELD	MAJOR CATEGORIES INCLUDED	EMBED MAJOR: Proposed Weight for Category Majors
COMPUTER SCIENCE	COMPUTER & INFORMATION SCIENCES AND SUPPORT SERVICES	0.40
ENGINEERING	ENGINEERING; ENGINEERING TECHNOLOGIES & ENGINEERING-RELATED FIELDS	0.21
RESEARCH, SCIENCE, TECHNICAL	BIOLOGICAL & BIOMEDICAL SCIENCES; PHYSICAL SCIENCES	0.10
HEALTH PROFESSIONS	HEALTH PROFESSIONS & RELATED PROGRAMS	0.14
ALL OTHER ELIGIBLE, HIGH-DEMAND MAJORS	AGRICULTURE, AGRICULTURE OPERATIONS, AND RELATED SCIENCES; NATURAL RESOURCES & CONSERVATION; EDUCATION; MATHEMATICS & STATISTICS; MULTI/INTERDISCIPLINARY STUDIES	0.05



Supporting the next generation of STEM & health care leaders

# Preliminary Outcomes: Gender

Gender	% of Cohort 6
Female	60%
Male	40%



Supporting the next generation of STEM & health care leaders

# Preliminary Outcomes: Race

RACE/ETHNICITY	# of Selects	% of Selects
American Indian or Alaska Native	10	0.54%
Asian	459	24.81%
Black or African American	157	8.49%
Hispanic or Latino	561	30.32%
Native Hawaiian or Other Pacific Islander	18	0.97%
Not Reported	11	0.59%
Two or More Races	130	7.03%
White	504	27.24%
<b>Grand Total</b>	<b>1850</b>	<b>100%</b>



Supporting the next generation of STEM & health care leaders

# Preliminary Outcomes: Major Categories

<b>FIELD</b>	<b>Cohort 6</b>
<b>Computer Science</b>	15%
<b>Engineering</b>	27%
<b>Research, Science, Technical</b>	20%
<b>Health Professions</b>	30%
<b>All other eligible, high-demand majors</b>	7%



Supporting the next generation of STEM & health care leaders



# Preliminary Outcomes: First Generation College

<b>FIRST GEN</b>	<b># of Selects</b>	<b>% of Selects</b>
No	493	26.65%
Unknown	40	2.16%
Yes	1317	71.19%
<b>Grand Total</b>	<b>1850</b>	<b>100.00%</b>



Supporting the next generation of STEM & health care leaders

# Preliminary Outcomes: Family Income

<b>FAMILY INCOME QUARTILE</b>	<b># of Selects</b>	<b>% of Selects</b>
<b>1</b>	656	35.46%
<b>2</b>	654	35.35%
<b>3</b>	370	20.00%
<b>4</b>	170	9.19%
<b>Grand Total</b>	1850	100.00%



Supporting the next generation of STEM & health care leaders

# **Tab E**

## **Activities Update, 2017 Budget & 2017 Priorities**



Supporting the next generation of STEM & health care leaders

## WSOS ACTIVITIES UPDATE

### PROGRAM ADMINISTRATOR TRANSITION UPDATE

From the date that Washington STEM was announced as the Apparent Successful Bidder to act as the WSOS Program Administrator, WSOS staff have been working to facilitate a smooth transition of the program from College Success Foundation to Washington STEM. In addition to negotiating the final WSOS-WSAC-Washington STEM contract for services, WSOS and Washington STEM have worked collaboratively to transition all HR, finance and IT functions.

In addition to this transition process, our team has worked to select and migrate our student database to WizeHive/Zengine, our donor database to DonorPerfect. In addition, we have updated the WSOS scholarship and financial models with actual retention rates (please see Tab C for additional details). We have also engaged in a brand refresh strategy, moved our offices to the Mt. Baker neighborhood of Seattle, onboarded all existing team members, and have hired four new WSOS staff members.

These new staff members are as follows:

- Reiko Kono, Director of Scholarship Services
- Rachel Johnson, Program Officer – Scholarship Services
- Jenna Magnotti, Development Officer
- Megan (“Meg”) Chambers – Communications Officer

With these terrific new hires, our mighty WSOS team is complete.

We have certainly accomplished a lot in a very short amount of time and we look forward to working with Washington STEM to build on this solid foundation to deliver exceptional support programming and scholarship services to our many Scholars across the state.

### PROGRAM UPDATE

#### **COHORT SIX PROMOTION | PARTNERS, CHAMPIONS, EVENTS & OUTCOMES**

This year, 6289 students started the WSOS application statewide resulting in 3771 completed submissions by February 28<sup>th</sup> (as compared to 3779 in 2016). The number of applications from undocumented and DACA students had (as a total) more than quadrupled from 2016. Our promotion strategy was similar to last year’s (Cohort 5): relying upon the help of partners and as well as direct communication/promotion to students, counselors, teachers, schools and districts.

*Direct Communications.* The Communications team mailed WSOS flyers in December and encouraged press about the Scholarship. Our team promoted the Scholarship year-round to students and counselors at school career and college events. Schools with aligned populations of eligible students were assigned to WSOS staff members who provided extraordinary support to counselors – including following up with each school regarding incomplete applications.

*Indirect Communications.* Organizations such as GEAR UP, College Access Now, the Rural Alliance, Washington MESA and Washington FIRST Robotics promoted the Scholarship as part of their work. With assistance from the Washington STEM Networks statewide, the *Champion Strategy* allowed us to thoroughly train and support Washington STEM schools statewide. During trainings, Champions asked good questions regarding the student's citizenship as it related to the WSOS application and whether a scholarship applicant should complete the FAFSA or WAFSA. Later, the three application data reports that WSOS provided to Champions proved helpful to them, showing which of their students had started versus submitted their WSOS application. Champions welcomed the option to email their students' official transcripts (versus mailing them).

Selected Scholars will be informed in May. Their selection notice will include an invitation to attend the WSOS orientation conference we call *Opportunity Launch*. We invite Board Members to make note of the conference dates - August 6-8<sup>th</sup> - at the UW in hopes that many of you are able to attend and meet our newest Scholars. We especially hope that you can attend the networking dinner on Monday, August 7<sup>th</sup> in the UW HUB Ballroom.

## **RETENTION | OFFICE HOURS, MENTORSHIP & INDUSTRY EXPLORATIONS**

Our four Program Officers (Joanna, Klondy, Terrie & Theresa) connect with Scholars attending our larger colleges through *Office Hours* offered throughout the year. Scholars know about these gatherings and other career-building events (offered by us, their schools, and others) through our bi-monthly newsletter – Opportunity News. Program Officers also use campus visits to meet with campus partners to identify collective resources useful to Scholars, to present at various career and graduate school fairs as well as to support Scholars presenting their research at regional and campus research symposiums. Please let us know if you would like to attend any of these events at one of your favorite campuses around the state. *Industry Explorations* continue to offer valuable opportunities for Scholars to connect with local employers and learn about career pathways in their field of study. Our goal this year has been to amplify the impact of these workplace visits. After each Industry Exploration, Scholars are encouraged to take follow up steps which range from connecting with employees on LinkedIn to sending a thank you note to applying for internships with the company.

Recent visits to the Infectious Disease Research Institute and McKinstry are two examples of how WSOS is linking the program with internship opportunities. Scholars who attended these Industry Explorations participated in informational interviews and strong candidates were invited to pursue internship positions. As a result, three Scholars have secured summer internships so far. Additional Industry Explorations this winter included Aptio, BoldIQ, the Seattle Science Foundation, Swedish Medical Center and Pacific Medical Center. A spring event is scheduled for April 26<sup>th</sup> at Ptera, a wireless internet provider based in Liberty Lake, WA.

*Mentorship.* Skills That Shine Mentors and Mentees are wrapping up the last module – Nailing the Interview – and looking towards our culminating events this month. On April 18<sup>th</sup>, WSOS is hosting [Eat](#),

[Drink & Talk STEM Spokane](#) where we will invite the community to join us in congratulating the Skills That Shine Mentees and acknowledging the Mentors who championed them along the way. The following week, WSOS is hosting the [Skills That Shine Wrap Party](#) at 415 Westlake in Seattle. We expect more than 200 Mentors and Mentees to come celebrate with us while enjoying refreshments and a lively game of Trivia. The Boston Consulting Group (BSG) has kindly offered to offer a professional development opportunity for WSOS Scholars on April 14<sup>th</sup> at StartUp Hall at the UW. “*The First 100 Days: New Job, Strong Start!*” is the fourth training from BCG and will ultimately appear as a new module for next year’s Skills That Shine participants.

## 2017 LEGISLATIVE SESSION

All policy bills needed to move out of policy committees by March 29<sup>th</sup> to remain alive for the remainder of this session. Fiscal cutoff followed shortly after April 4<sup>th</sup>, the date by which fiscal bills must pass out of fiscal committees unless they are necessary to implement the budget. The final day of the regular session is on April 23<sup>rd</sup> but lawmakers are not expected to have completed their budget negotiations by then, making at least one special session necessary. And many are anticipating that the Legislature will wait until the next revenue forecast before finalizing their budget. The next forecast is on June 20<sup>th</sup>.

### WSOS BILL UPDATE

This legislative session has been a very active one for WSOS. In addition to our budget ask of \$14M to fulfill the outstanding state match obligations, per the Board’s direction at the December 2016 Board meeting, WSOS is seeking to (1) amend our governing statute to include scholarships for professional and technical degrees; (2) clarify the role of the program administrator, and (3) add the Washington Application for Student Aid form (WASFA) as a tool for renewing students to verify income.

While both bills had bipartisan support, our Senate bill did not make it out of the Ways and Means Committee. However, our House bill, HB1452, successfully made it out of the Policy and Fiscal Committees and is awaiting a vote by the full House.

The reason for the delay to the WSOS bill is that there is currently a separate compromise proposal (HB 2143 sponsored by Representative Haler) which has been linked to the WSOS bill and would add health care graduate degrees for healthcare professional shortage areas to WSOS eligibility. That bill passed out of the Higher Education Committee on March 29<sup>th</sup>, the Appropriations Committee on April 4<sup>th</sup>, and has been referred to the Rules Committee.

Once HB 2143 catches up to HB 1452, it is anticipated they will both move out of the House and onto the Senate. We will continue to provide updates to the Board as they become available.

## DEVELOPMENT AND ADVOCACY



The third annual **OpportunityTalks Breakfast** returns to the Sheraton Seattle’s Grand Ballroom on Thursday November 2<sup>nd</sup>. Last year, over 800 guests attended the breakfast in support of Washington State Opportunity Scholarship and we expect to top that number in 2017. Our Scholar speaker will be a young woman this year and she

will follow the keynote presentation by Derek Thompson, bestselling author of [Hit Makers: The Science of Popularity in an Age of Distraction](#). Attendees will be invited to become “hit makers” for outstanding Scholars through mentorship and internships.



For the third year, WSOS is the sole beneficiary of GeekWire’s community giving campaign, [Geeks Give Back](#). This tech community outreach effort will focus on employee giving this year in addition to corporate support. Donors will be encouraged to see gifts of time and talent as having a direct impact in helping to prepare Opportunity Scholars for career success. Geeks Give Back is presented by Bank of America and runs from the GeekWire Summit in early October through the end of the year.

## MEDIA

The new year once again brought one of the most exciting and eventful seasons at the Washington State Opportunity Scholarship as “all hands on deck” spent the winter promoting the 2017-18 WSOS Application locally and around the state. While the annual strategic promotion of the program begins several months before the application is open, media coverage during the window of the application period is a crucial piece of our promotion efforts and an important channel through which we reach eligible students and their families. We are pleased and grateful for the earned media coverage we received that helped to raise awareness of the application window and program at large.

We were excited to share particularly exciting news in the last quarter. In the new year, we came together again to work closely with the Public Affairs team at Microsoft to share publicly the \$6M grant made by Washington State Opportunity Scholarship in July 2016 to three Washington universities: University of Washington, Western Washington University and Central Washington University to strategically expand each institution’s capacity to award high-demand bachelor’s degrees.

### COVERAGE SUMMARY:

- » **College of Engineering’s STARS program wins \$2.2M to improve access for low-income students**  
UW Today | Feb. 8, 2017
- » **Led by Microsoft’s Brad Smith, program gives out \$6M in STEM grants in Washington**  
PSBJ | Feb. 9, 2017
- » **Tech, science programs at 3 Washington universities win grants**  
Seattle Times | Feb. 9, 2017
- » **Deadline approaches for tech-related scholarships**  
KOMO Radio | Feb. 21, 2017
- » **Washington State Opportunity Scholarship grants CWU \$2.2 million for STEM recruitment**  
The Observer | Feb. 23, 2017

- » **CWU Awarded \$2.19 Million for STEM Teacher Preparation**  
CWU | Feb. 24, 2017
- » **Editorial: A pathway to careers for community college students**  
The Daily Herald | Feb. 28, 2017
- » **WWU awarded \$1.6 million to expand computer science degrees**  
The Bellingham Business Journal | Mar. 9, 2017
- » **Washington State STEM Education Foundation: STEM education offers competitive advantage**  
Tri-City Herald | Mar. 23, 2017

## SOCIAL MEDIA

Social engagement continues to grow rapidly and remains a key channel through which we communicate with students, community partners, and the public.

Key social media growth and impressions for January 1, 2017 – March 31, 2017:

### Facebook

- » 2,787 followers Jan. 1, 2017
- » 3,115 followers Mar. 31, 2017 **(+11%)**
- » Total impressions (paid & organic): **257,893**

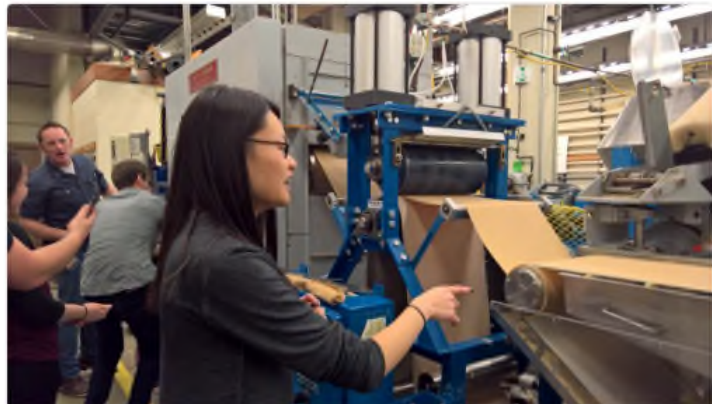
### Twitter

- » 1,446 followers Jan. 1, 2017
- » 1,506 followers Mar. 31, 2017 **(+4%)**
- » Total impressions (paid & organic): **30,376**

WA Opp Scholarship @OppScholarship · Feb 14  
We're in North Central WA today promoting WSOS! Applications due Feb. 28! Up to \$22,500 for college - isn't that sweet!?



WA Opp Scholarship @OppScholarship · Feb 24  
Today we're at the @uw Bio Resource Lab learning how to make paper with @OppScholarship Scholar Mayki. #ifyoudontknownowyouknow





## **BRAND REFRESH**

The WSOS Communications team has also been working to conduct a refresh of our external and online presence including our website, our LinkedIn and Facebook pages, and our commercial paper. We are looking forward to sharing our new, fresh “look” and brand identity with the Board at the meeting.

## **OTHER NEWS**

A new extension of our brighter collaboration with Washington STEM is our enhanced involvement in their networks work. This year, the Apple STEM Network of the Wenatchee region hosted a competition to showcase innovative work in their area. We are excited to share that three out of the four finalists for the [GWATA Problem-Solving Innovator Award](#) are WSOS Scholars. These Scholars' projects and research was highlighted during the GWATA Innovator Awards Luncheon on March 30<sup>th</sup>. The award recipient was recognized at the event and received a \$250 cash award.

# 2016 WSOS Short Budget

(\$ in thousands)



Supporting the next generation of STEM & health care leaders

	FY2016 Budget (12 mos)	FY2016 Actual (7 mos)
<b>REVENUE</b>	22,000	24,797
Scholarship Expense	13,494	537
Salaries, Taxes, and Benefits	997	585
Administrative Fee	641	211
All other expenses	557	740
<b>OPERATING EXPENSES*</b>	2,195	1536

# 2017 WSOS Budget

(\$ in thousands)



Supporting the next generation of STEM & health care leaders

	FY2016 Budget (cash)	2017 Budget (book)
<b>REVENUE</b>	22,000	10,000
Scholarship Expense	13,494	21,247
Salaries, Taxes, and Benefits	997	1,225
Administrative Fee	641	377
All other expenses	557	602
<b>OPERATING EXPENSES*</b>	2,195	2,204
Transition-one time		188

# Future Priorities



- **By September 2017** - Explore programmatic implications of new adjusted scholar retention rates
- **2018** – Overall strategic planning for WSOS with assistance from Leading for Impact

# **Tab F**

## **Finance Update**



## FINANCE & INVESTMENT COMMITTEE MEETING MINUTES | WEDNESDAY, DECEMBER 7, 2016

Members present: Darrell Powell (CSF Chief Financial & Administration Officer), George Zinn; via teleconference: Naria Santa Lucia (WSOS Executive Director), Mack Hogans (Committee Chair), Joe Gaffney, Peter Harvey, and Carolyn Kelly

Others present: Karyl Gregory (WSOS Staff) and Sarah Porter (CSF Staff); via teleconference: Chris Phillips (WSIB), Allyson Tucker (WSIB)

Mack Hogans called the meeting of the Washington State Opportunity Scholarship (WSOS) Finance and Investment Committee to order at 2:03 pm.

### **Approval of Minutes from October 17, 2016 Finance and Investment Committee**

Carolyn Kelly made a motion to approve the minutes with a modification that it be noted that she attended the October 17<sup>th</sup> meeting by phone. George Zinn seconded the motion and the motion carried unanimously.

### **WSIB Report**

Chris Phillips, Director of Institutional Relations at the Washington State Investment Board (WSIB), reported that there is new membership on the WSIB as a result of the election. Phillips reported that more non-voting members are needed for the WSIB Board. Ideal candidates would be semi-retired investment professionals who have time to devote. Names received so far are from out of state so they are looking for qualified in-state individuals.

Phillips provided a performance review of WSOS funds invested through October 31, 2016. Per a request made at the last Committee meeting, Phillips has added the following investment objective to the report: Ensure sufficient assets are available to fund the scholarship goals of the program over a 10-year time horizon. To date, that objective is being met.

Allyson Tucker reported that the cash portfolio was moved from a prime money market fund to a government and agency money market fund managed by Black Rock.

Phillips reported that the performance of the funds in October reflected some uncertainty due to the upcoming election while November showed strong returns.

### **Financial Update**

Darrell Powell presented the WSOS financials through 10/31/16. Powell indicated that the financial report and the WSIB report are tied together. Powell reported that he has no concerns about pledge payments as reported on the Balance Sheet and no concerns about several timing issues related to the

Income Statement. Powell further reported that they can submit a \$20M request for matching funds to the state of Washington.

George Zinn will connect with Powell to discuss and examine aspects of the endowment investment strategy and funding model and will report back to the Committee.

### **Legislative Update**

Naria Santa Lucia reported that WSOS will ask the state legislature for additional appropriations to satisfy the state match requirements. Santa Lucia further reported that she is confident the legislature will include the state match in the 17-19 Biennium budget.

Santa Lucia reported that the WSOS Board is considering the expansion of WSOS funding to include professional and technical programs.

Santa Lucia reported that there are two proposed changes to the WSOS Statute related to administrative clean-up. The first change would provide Washington Dream Act (1079) WSOS Scholars with the ability to fill out a Washington State Financial Aid (WASFA) application in lieu of a Free Application for Federal Student Aid (FAFSA) for scholarship renewal. Currently, Washington Dream Act (1079) students who apply for WSOS do not need to fill out a FAFSA form at the time of the initial application, however, under the portion of the statute that deals with renewal, WSOS Scholars must complete a FAFSA to verify family income. This change would align the statute for application and renewal purposes for those students.

Santa Lucia reported that a second area of administrative clean-up regarding role clarity would provide the WSOS Board with the ability to direct the staffing of WSOS by the contracted program administrator.

The Committee then engaged in a discussion about the use of the Endowment funds. In response to George Zinn's question, Santa Lucia confirmed that there had not been a drawdown of the Endowment to date.

Finally, Santa Lucia informed the Committee that the WSOS Board and the Washington Student Achievement Council (WSAC) had issued an RFP for the WSOS Program Administrator role. Santa Lucia reported that a selection committee would take up the issue of naming an Apparent Successful Bidder for the Program Administrator at the December Board meeting.

The Committee went into Executive Session at 2:50 pm, had a brief discussion, and adjourned.

Respectfully submitted,  
Mack Hogans



**DeShay McCluskey, CFA**  
**Founder & Managing Partner**  
**AltraVue Capital, LLC**

Ms. McCluskey is responsible for the overall investment strategy and management of AltraVue's investment products. Ms. McCluskey has over 16 years of extensive analytical and research experience. Her comprehensive investment experience extends to both public and private investments.

Prior to founding AltraVue, Ms. McCluskey was the Portfolio Manager and Principal for GW Capital Inc., where she served as a member of the firm's investment committee with portfolio management responsibilities for both equity and fixed income portfolios. Ms. McCluskey joined GW Capital in 2012. From 2009 to 2012, Ms. McCluskey served as Vice President, Director of Research at BDT Capital Partners. While at BDT, Ms. McCluskey helped launch and manage the firm's public investment portfolio. Additionally, Ms. McCluskey worked in various capacities with the deal teams helping to source and evaluate private investment opportunities for the Fund. In 2007, Ms. McCluskey co-founded Jacobi Capital Management, a registered investment adviser based in Pennsylvania. She also spent one and a half years at Legg Mason Capital Management as an Equity Analyst from 2006-2007 and three years as an Equity Analyst at Ariel Investments Inc. from 2001-2004. Ms. McCluskey spent the summers of 2004 and 2005 in the investment banking division of Goldman Sachs.

Ms. McCluskey received an M.B.A. from Stanford Graduate School of Business in 2006 and a B.A. in Economics with Honors from the University of Chicago in 2001. Ms. McCluskey is a CFA charterholder and a member of the CFA Institute.





**Elizabeth Tinkham**

**RETIRED, ETC.**

Liz Tinkham is a senior executive leader with Accenture. She has a deep background in knowing how to grow clients, markets, practices and new businesses having been part of Accenture's leadership since 1997. She is an industry expert in the areas of Liz Tinkham retired in March of 2017 as a senior executive leader with Accenture. She has a deep background in knowing how to grow clients, markets, practices and new businesses having been part of Accenture's leadership since 1997. She is an industry expert in the areas of telecommunications, media and high technology, and known for her ability to solve ambiguous strategic problems for clients. Liz is also known as a leading people developer who's accelerated both client and Accenture growth by building teams of high performers, and working to advance and retain the best people.

Prior to her role at Accenture, Liz held responsibility for Microsoft, one of Accenture's largest accounts, and its largest technology partner. In this role, Liz balanced the fine line between partner and supplier by continually looking for ways to work together to innovate and grow technology solutions in the marketplace. She and her team were students of the continually changing consumer and enterprise high technology landscape, so that they could effectively serve Microsoft. Her team worked across most areas of Microsoft, and is an integral part of their Finance and IT organizations. Liz set vision and strategy for a global team of over 5500 people working across 12 countries.

Earlier in her career at Accenture, Liz led the management consulting practice for Accenture's Communication, Media and Technology group. She drove \$800M+ in sales and revenue across Accenture's five core service lines – strategy, customer relationship management, supply chain, human performance and finance and performance management.

Liz launched two new businesses for Accenture as part of the inaugural New Business group. Specifically, she launched a B2B global digital supply chain business and data management business.

Liz is a constant advocate for her people, and has a long and successful track record of retaining and advancing high performers. She's held multiple leadership roles related to women and diversity, and lead an initiative around senior women growth for Accenture's CEO and Board of Directors. Liz had the honor of interviewing Former Secretary of State Hillary Clinton, at an Accenture senior women client event. In addition, she's served on several senior leadership and strategic committees.



Liz is also an Adjunct Professor at the University of Washington Foster School of Business where she teaches a class on consulting, and serves on the Advisory Board of the Global Business Program.

Liz graduated from The Ohio State University with a Bachelor of Science in Aeronautical and Astronautical Engineering. She is an avid Ohio State football fan. She also has an Executive MBA from IMD, the international business school in Lausanne, Switzerland. She is a Board Member of Washington STEM and has served on several other charitable boards while in Chicago. Liz and her husband, John, live in Bellevue, Washington. They have three children, Katie (24), Jack (21) and Will (16). In her free time, Liz enjoys travel, running, skiing and pop culture.

**WSOS Investment and Finance Committee  
Performance Review  
April 4, 2017**



**Chris Phillips  
Director of Institutional Relations**

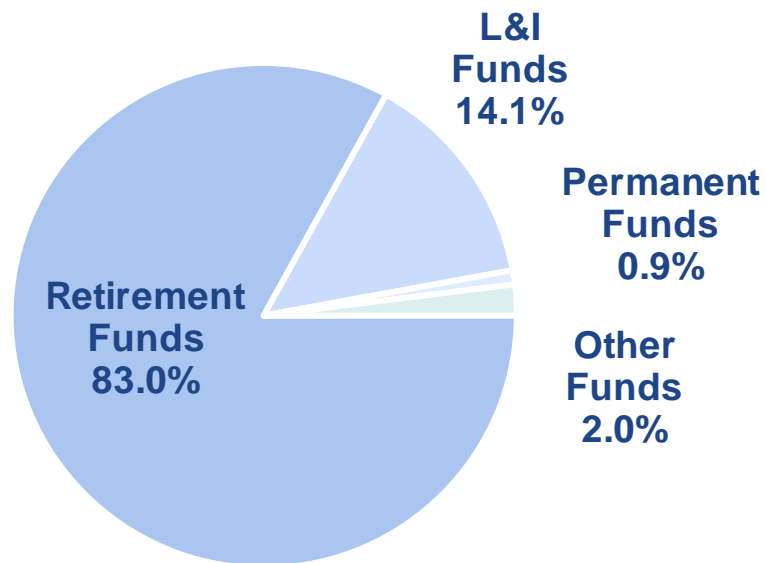
# Washington State Investment Board at a Glance



The WSIB invests money for 35 funds:

- ▣ 17 Retirement Funds
- ▣ 5 State Insurance Funds
- ▣ 13 Permanent and Other Trust Funds

Retirement Funds	\$93.4	83.0%
L&I Funds	\$15.8	14.1%
Permanent Funds	\$1.0	0.9%
Other Funds	\$2.2	2.0%
<b>Total Assets Under Management</b>	<b>\$112.4</b>	



The WSOS funds falls under Other Trust Funds



## Board Member Changes at the WSIB



The WSIB's Board is comprised of a balanced mix of elected officials, state agency leaders, beneficiary group representatives, and independent investment professionals

As of January 2017, we have seen several significant changes in Board membership/roles:

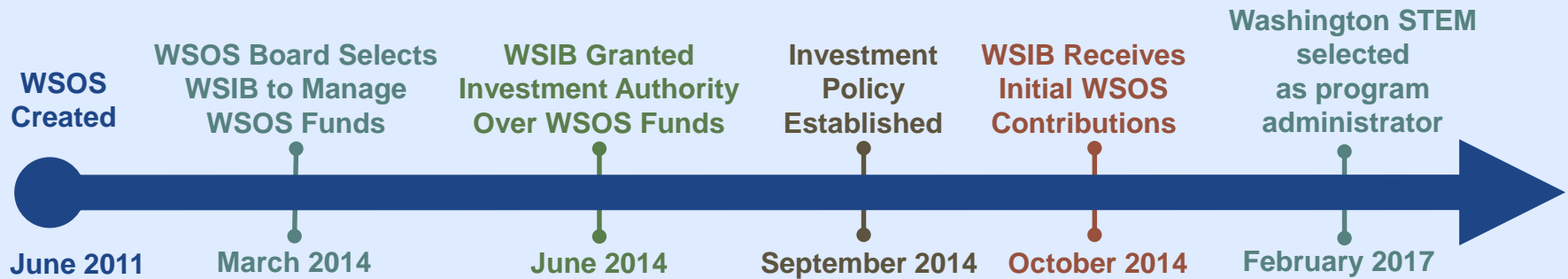
- ❑ State Treasurer – Duane Davidson (formerly Benton County treasurer) has replaced Jim McIntire as Washington State Treasurer
- ❑ Department of Retirement Services – Tracy Guerin is head of Department of Retirement Services; appointed last fall
- ❑ Sen. Mark Mullet (District 5 - Issaquah) has replaced Sen. Mike Hewitt (District 16 – Walla Walla)
- ❑ Rep. Timm Ormsby (District 3 - Spokane) retains his seat
- ❑ Kelly Fox chairs the WSIB
  - ❑ He is a lieutenant with the Olympia Fire Department and chairs the Washington Law Enforcement Officers and Fire Fighters Plan 2
  - ❑ Also is president of the Washington State Council of Firefighters Executive Board

# WSOS – Core Investment Objectives



- ❑ Maintain the financial stability of the program
- ❑ Ensure sufficient assets are available to fund the scholarship goals of the program over a 10-year time horizon
- ❑ Manage the assets to maximize return at a prudent level of risk, subject to above objectives
- ❑ Invest in a manner that helps ensure public confidence in the program

## WSOS Time Line



# Growth of WSOS Funds

December 31, 2016

## Scholarship Account

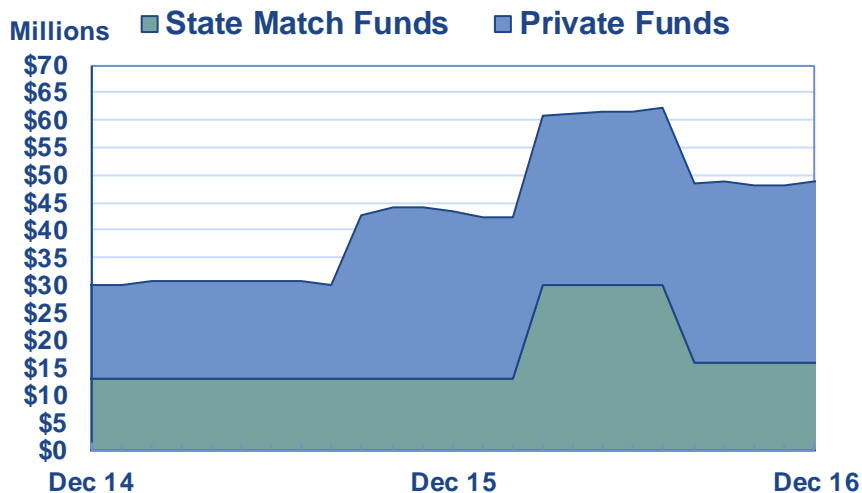
- ▣ Total assets: \$48.7 million, as of December 31, 2016
- ▣ 67% private funds and 33% state match funds

## Endowment Account

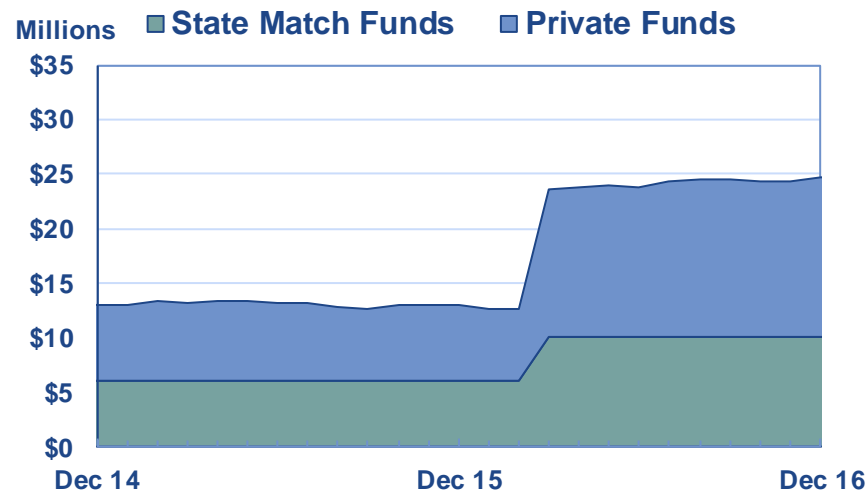
- ▣ Total assets: \$24.6 million, as of December 31, 2016
- ▣ 59% private funds and 41% state match funds



### Growth of Scholarship Account Assets



### Growth of Endowment Account Assets



# Market Values and Asset Allocation for Private Funds

December 31, 2016

## Scholarship Account – Private Funds

Market Value \$32,796,868



## Equity

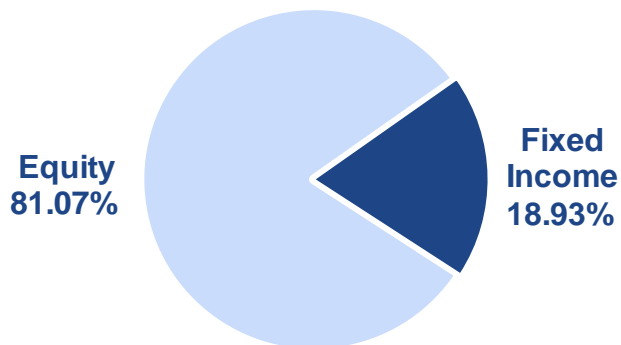
- ▣ Passive equity strategy managed by BlackRock
- ▣ Expected to closely track the MSCI All Country World Investable Market Index

## Fixed Income

- ▣ Actively managed by WSIB staff
- ▣ Expected to meet or exceed the Barclays U.S. Intermediate Credit Index

## Endowment Account – Private Funds

Market Value \$14,602,576





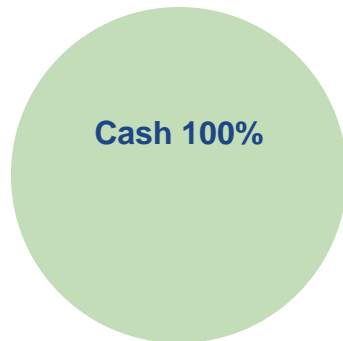
# Market Values and Asset Allocation for State Match Funds

*December 31, 2016*

## Asset Allocation for All State Match Funds

Scholarship Market Value \$15,887,092

Endowment Market Value \$10,027,624



## State Match Funds

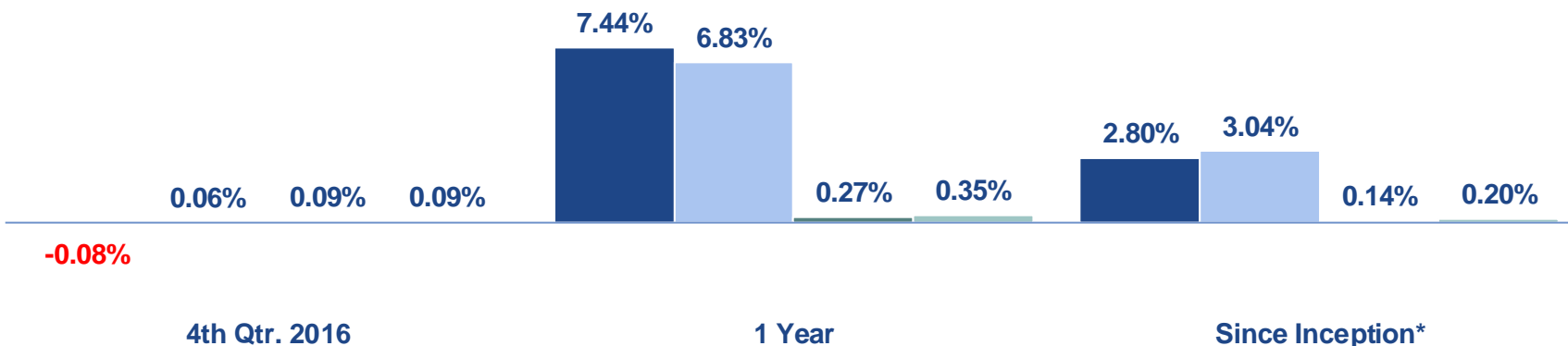
- Held 100% in cash
- Both target and current allocations are 100% cash
- Cash is invested in a money market fund managed by BlackRock

# Fund Performance Updates

December 31, 2016

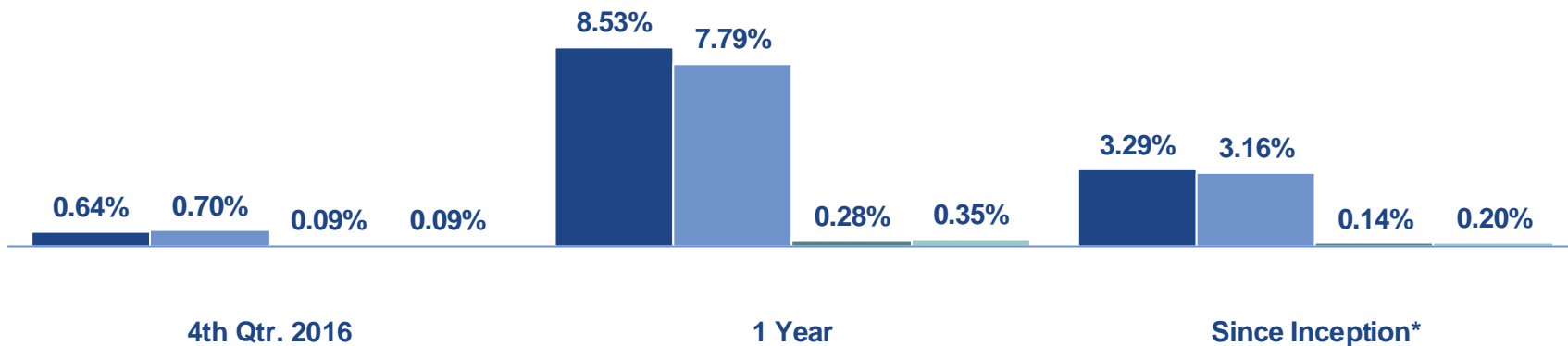
## Private and State Match Scholarship

■ Private ■ Private Benchmark ■ State Match ■ State Match Benchmark



## Private and State Match Endowment

■ Private ■ Private Benchmark ■ State Match ■ State Match Benchmark



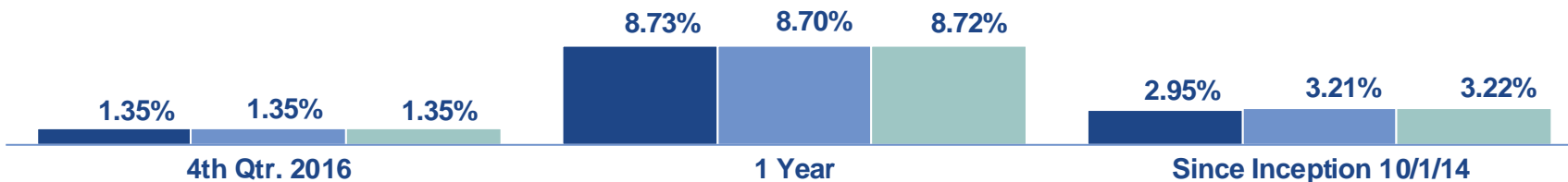
Scholarship Benchmarks: Private 60% MSCI ACWI IMI w/U.S. Gross & 40% Bloomberg Barclays Intermediate Credit, State Match 90 Day T-bill  
 Endowment Benchmarks: Private 80% MSCI ACWI IMI w/U.S. Gross & 20% Bloomberg Barclays Intermediate Credit, State Match 90 Day T-bill  
 \* Since Inception: Private 10/1/14, State Match 11/25/14

# Fund Performance Updates

December 31, 2016

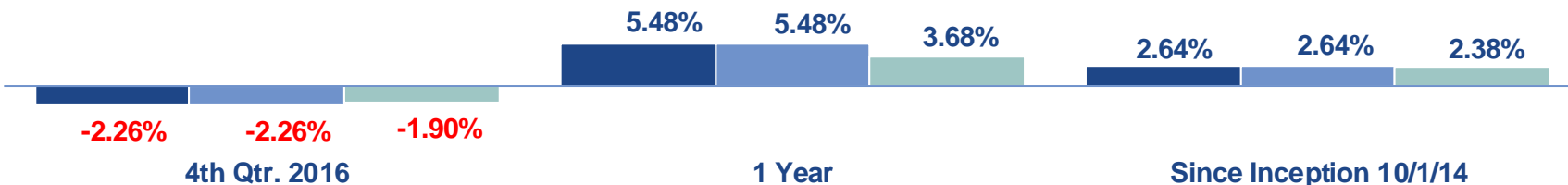
## Equity Returns

■ Private Scholarship ■ Private Endowment ■ ACWI IMI w/U.S. Gross



## Fixed Income Returns

■ Private Scholarship ■ Private Endowment ■ Bloomberg Barclays Intermediate Credit



## Cash Returns

■ Private Scholarship ■ Private Endowment ■ 90 Day Tbill

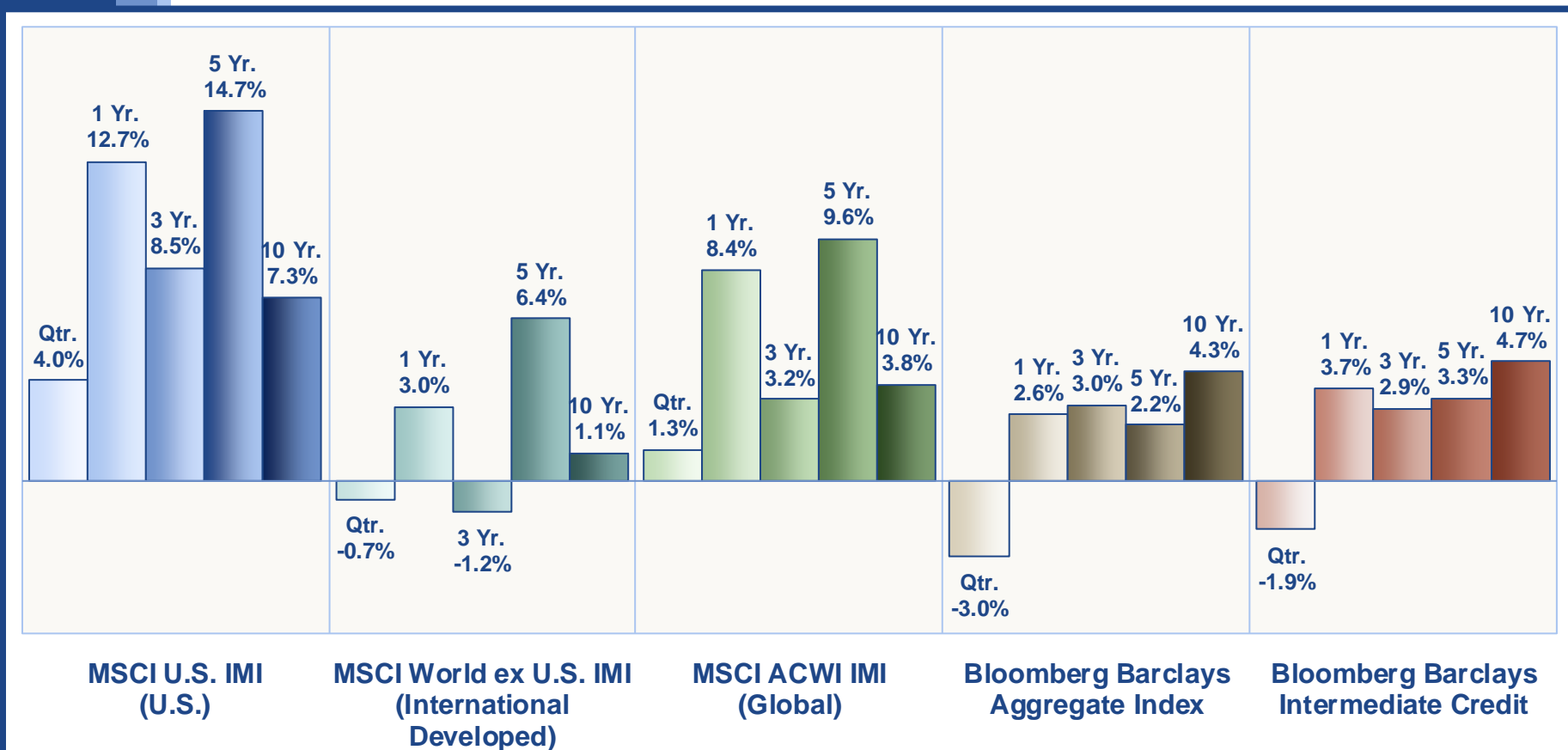


Scholarship Benchmarks: Private 60% MSCI ACWI IMI w/U.S. Gross & 40% Bloomberg Barclays Intermediate Credit, State Match 90 Day T-bill  
 Endowment Benchmarks: Private 80% MSCI ACWI IMI w/U.S. Gross & 20% Bloomberg Barclays Intermediate Credit, State Match 90 Day T-bill  
 \* Since Inception: Private 10/1/14, State Match 11/25/14

# Capital Markets at a Glance

December 31, 2016

- U.S. led world markets; U.S. market happy despite lack of specific policy changes
- International developed markets gripped by uncertainty
- Emerging markets showed surprisingly strong (9%) gains in 2016
- Interest rates increased in 4Q, causing bond prices to fall; credit remains strong



# Contact Information

Web Site: <http://www.sib.wa.gov>



**Address:**  
2100 Evergreen Park Drive SW  
P.O. Box 40916  
Olympia, WA 98504-0916

**Phone Number:**  
(360) 956-4600



Supporting the next generation of STEM & health care leaders

# FINANCE UPDATE



| January 31, 2017

# WSOS Balance Sheet



Supporting the next generation of STEM & health care leaders

**Washington State Opportunity Scholarship  
Comparative Balance Sheets  
Period Ending January 31, 2017**

	Comparison to FYE			Notes	Comparison to Same Period LFY		
	06/30/2016	% Change	01/31/2017		01/31/2016	% Change	01/31/2017
<b>Assets</b>							
Cash	2,243,707	429%	11,864,179	1	9,222,066	29%	11,864,179
Investments	85,316,061	-13%	74,274,453	2	56,481,381	32%	74,274,453
Pledges and Grants Receivable	25,428,522	64%	41,782,734	3	47,716,088	-12%	41,782,734
Prepaid Expenses	48,175	-49%	24,378		-	0%	24,378
<b>Total Assets</b>	<b>113,036,465</b>	<b>13%</b>	<b>127,945,744</b>		<b>113,419,535</b>	<b>13%</b>	<b>127,945,744</b>
<b>Liabilities and Net Assets</b>							
Accounts Payable	448,490	-84%	70,197		138,593	-49%	70,197
Payroll Related Liabilities	131,958	-100%	-		103,812	-100%	-
Scholarship Commitments	36,937,798	-41%	21,790,028	4	23,382,056	-7%	21,790,028
<b>Total Liabilities</b>	<b>37,518,246</b>	<b>-42%</b>	<b>21,860,225</b>		<b>23,624,460</b>	<b>-7%</b>	<b>21,860,225</b>
<b>Net Assets</b>							
Temporarily Restricted Net Assets	51,480,899	55%	79,631,089		66,314,263	20%	79,631,089
Permanently Restricted Net Assets	24,037,319	10%	26,454,430		23,480,812	13%	26,454,430
<b>Total Net Assets</b>	<b>75,518,219</b>	<b>40%</b>	<b>106,085,519</b>		<b>89,795,075</b>	<b>18%</b>	<b>106,085,519</b>
<b>Total Liabilities and Net Assets</b>	<b>113,036,465</b>	<b>13%</b>	<b>127,945,744</b>		<b>113,419,535</b>	<b>13%</b>	<b>127,945,744</b>

# WSOS Balance Sheet



## Notes to the Financials

1. Increase in Cash reflects a \$14M infusion of cash from WSIB to fund scholarships and operating expenses for FY 2017 minus scholarship payments.
2. \$14M drawdown from WSIB. See note 1 above.
3. \$21M State match invoice billed minus pledge payment from MSFT and Rubens Family Foundation.
4. \$7M Scholarship payments processed this academic year to date. A \$7.3M scholarship liability adjustment was made as a transition adjustment from CSF to WA Stem.



# WSOS Income Statement



Supporting the next generation of STEM & health care leaders

## Washington State Opportunity Scholarship

### Income Statements

Income Statement for the Seven (7) Months Ending January 31, 2017

	Seven Months Ended January 31, 2017			Notes	June 30, 2017
	Actual	Budget	Variance Fav (Unfav)		Annual Budget
<b>Revenue</b>					
Private	832,111	6,300,000	(5,467,889)	1	11,000,000
Public	21,000,000	-	21,000,000	2	21,000,000
Investment Income	2,965,582	-	2,965,582	3	-
<b>Total Revenue</b>	<b>24,797,692</b>	<b>6,300,000</b>	<b>18,497,692</b>		<b>32,000,000</b>
<b>Expense</b>					
Salaries and Benefits	584,705	602,830	18,125		997,426
Program Other Direct	613,330	413,556	(199,773)	4	610,013
Indirect Administrative Expenses	63,940	56,111	(7,829)		96,190
Professional Fees - CSF Admin Support	210,548	221,609	11,061		379,902
Professional Fees - Contractors	63,115	59,650	(3,465)		102,650
<b>Total Expense</b>	<b>1,535,637</b>	<b>1,353,757</b>	<b>(181,880)</b>		<b>2,186,180</b>
<b>Net Income (Loss)</b>	<b>23,262,055</b>	<b>4,946,243</b>	<b>18,315,812</b>		<b>29,813,820</b>
<b>Scholarships</b>					
Scholarship Expenses	537,280	7,341,404	6,804,124	5	12,235,674

# WSOS Income Statement



## Notes to the Financials

1. Private fundraising lagging the budgeted timetable.
2. Timing of State match invoice billed to WSAC.
3. Unrealized gains from investment held at WSIB. We don't budget or estimate gains and losses from investments.
4. (\$126,000) related to Opp Talks, Skills that Shine; Prof Fees (\$82,000) related to WA STEM agreement, WizeHive contract and legal fees.
5. A \$7.3M scholarship liability adjustment was made as a transition adjustment from CSF to WA Stem.

# WSOS Cash Flow



Supporting the next generation of STEM & health care leaders

## Cash Flow Summary

Inception-To-Date

January 31, 2017

	Inception - January 31, 2017		
	<u>Scholarship</u>	<u>Endowment</u>	<u>Total</u>
<b><u>CASH FLOW</u></b>			
<b>Cash Inflow:</b>			
Boeing	12,500,000	12,500,000	25,000,000
Microsoft	28,750,000		28,750,000
Other Private	19,285,851		19,285,851
State	40,354,000	11,016,414	51,370,414
Investment Income	2,984,976	1,495,776	4,480,752
<b>Total Cash Inflows</b>	<b>103,874,827</b>	<b>25,012,190</b>	<b>128,887,017</b>
<b>Cash Outflow:</b>			
Scholarships	(34,517,356)	-	(34,517,356)
Program Expenses	(8,193,240)	(41,346)	(8,234,586)
<b>Total Cash Outflows</b>	<b>(42,710,596)</b>	<b>(41,346)</b>	<b>(42,751,942)</b>
<b>Net Cash Flow Inception-To-Date &amp; Balance of Cash &amp; Investments January 31, 2017</b>	<b>61,164,231</b>	<b>24,970,844</b>	<b>86,135,074</b>
WSOS US Bank Account	11,860,622	-	11,860,622
<b>Balance per WSIB January 31, 2017</b>	<b>49,303,609</b>	<b>24,970,844</b>	<b>74,274,452</b>