

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

12.09.2024

AGENDA



1. Welcome
2. Approval of Minutes from 09.11.2024 Board Meeting
3. Mission Moment
4. Public Comment
5. ED Corner
6. Legislative Update
7. Campaign Update
8. Awards Update
9. Finance & Program Administrator Update
10. Executive Session
11. Closing

REQUESTED BOARD ACTION

- Vote to approve the September 11, 2024, meeting minutes.

Mission Moment

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MISSION MOMENT: Scholar Spotlight



Jessie Hurrelbrink
Dental Hygiene
Bellingham Technical College

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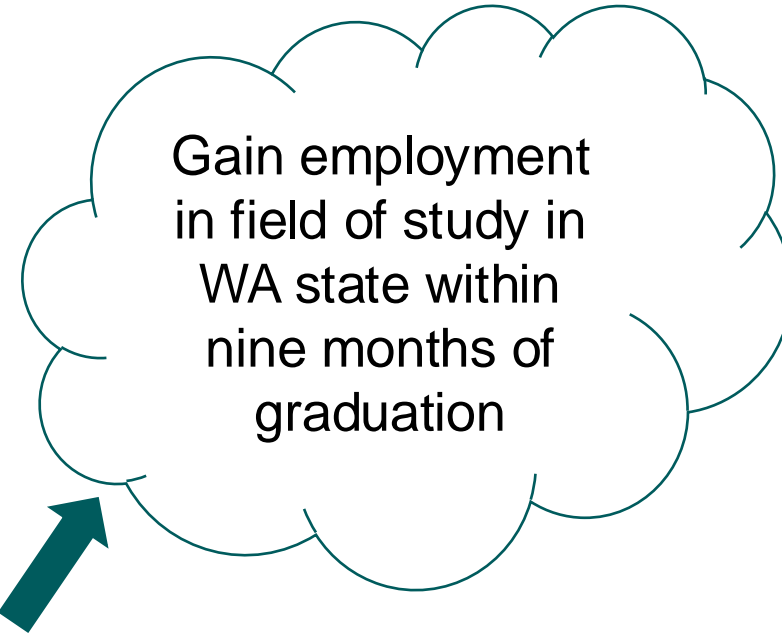
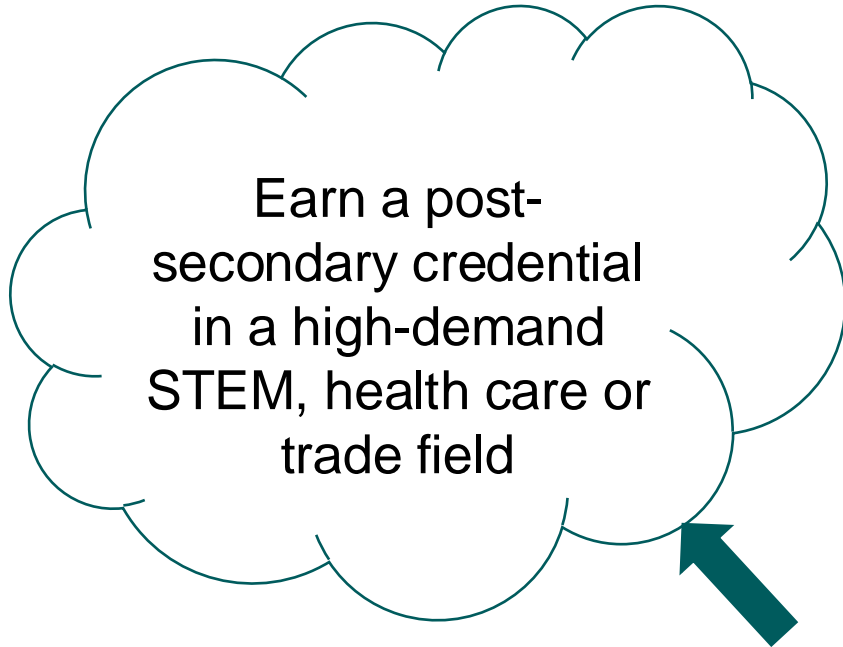
WASHINGTON STATE
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PUBLIC COMMENT

ED CORNER

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**INTENDED
IMPACT #1**



**INTENDED
IMPACT #2**

THEORY OF CHANGE | Scholarships + Continuum of Support Services

STRATEGIC PRIORITIES

Design scalable, statewide programs.

Build the brand.

Fund to 2030.

Be a preferred workplace.



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Org Strategic Priorities: AY2025-26 metrics

| Ensuring scalable, statewide scholarship accessibility and financial aid impact | Ensuring scalable, statewide support services | Build awareness of the WSOS brand | Fund to 2030 and beyond | Be a preferred workplace | | | | | | | | | | | | | | | | |
|---|---|--|--|--|-----|-----|-------|-----|-----|-----|-----------|-----|-----|-----|-------|-----|-----|-----|--|---|
| AWARDS | PROGRAMS | EXTERNAL AFFAIRS | DEVELOPMENT | OPERATIONS | | | | | | | | | | | | | | | | |
| 80% of applicants are eligible | 65%, 45%, 95% graduate in eligible program for BaS, CTS, GRD | At least 33 earned media pieces per year | \$75M raised January 1, 2021, through December 31, 2026, with 25 \$25K to \$1M gifts secured in CY25 | Regrettable separation rate below 15%; first year separation rate below 30%; average staff tenure of 36 months | | | | | | | | | | | | | | | | |
| 90% of Scholars complete renewal | Opportunity gaps are less than 10%, 5% by income, race | 23 speaking engagements for WSOS leadership per year | 75 donors loyal (3+ years) with 50% donor retention rate by end of CY26 | 90% of staff agree: "I believe the work I do advances our mission" | | | | | | | | | | | | | | | | |
| 90% work fewer hours because of WSOS | 95%, 85% of graduates employed full-time within 9 months in any field, in high-demand field | Social media audience size of 4,800 (FB) 2,900 (LI) and 2,700 (IG) | 350 new donors acquired in CY26 with 100 total from WA outside of Puget Sound | 90% of staff agree: "I would recommend WSOS as a great place to work" | | | | | | | | | | | | | | | | |
| 90% attend full-time because of WSOS | 95% of employed in-high demand graduates work in WA | <p>Applicant targets:</p> <table border="1"> <thead> <tr> <th></th> <th>BaS</th> <th>CTS</th> <th>GRD</th> </tr> </thead> <tbody> <tr> <td>BIPOC</td> <td>85%</td> <td>60%</td> <td>55%</td> </tr> <tr> <td>First-gen</td> <td>64%</td> <td>68%</td> <td>70%</td> </tr> <tr> <td>Rural</td> <td>34%</td> <td>40%</td> <td>10%</td> </tr> </tbody> </table> | | BaS | CTS | GRD | BIPOC | 85% | 60% | 55% | First-gen | 64% | 68% | 70% | Rural | 34% | 40% | 10% | At least 15% (by #) of donors in CY25 from health care, (S)TEM | 90% of staff agree: "I would recommend my supervisor to future employees" |
| | BaS | CTS | GRD | | | | | | | | | | | | | | | | | |
| BIPOC | 85% | 60% | 55% | | | | | | | | | | | | | | | | | |
| First-gen | 64% | 68% | 70% | | | | | | | | | | | | | | | | | |
| Rural | 34% | 40% | 10% | | | | | | | | | | | | | | | | | |

Org Strategic Priorities: AY2024-25 metrics

| Ensuring scalable, statewide scholarship accessibility and financial aid impact | Ensuring scalable, statewide support services | Build awareness of the WSOS brand | Fund to 2030 and beyond | Be a preferred workplace | | | | | | | | | | | | | | | | |
|---|--|---|--|--|-----|-----|-------|-----|-----|-----|-----------|-----|-----|-----|-------|-----|-----|-----|---------------------------------|---|
| AWARDS | PROGRAMS | EXTERNAL AFFAIRS | DEVELOPMENT | OPERATIONS | | | | | | | | | | | | | | | | |
| 75%, 85% and 75% of BaS, CTS and GRD applicants, respectively, are eligible | BaS: 90%, 85%, 70%, Y1-Y2-Y3-Y4 with 65% increasing CTS: 80% each quarter | At least 32 earned media pieces | \$4M \$6M (CY24 CY25) with 10 25 \$25K to \$1M gifts secured | Regrettable separation rate below 15%; first year separation rate below 30%; average staff tenure of 28 months | | | | | | | | | | | | | | | | |
| 90% (85%) of BaS (CTS) Scholars renew; 65% of BaS Scholars increase on time | 60% of historically excluded Scholars based on race, income & rural participate in programming | Elevate WSOS thought partnership: 15 (7) engagements for ED (Directors) | At least 50 75 (CY24 CY25) donors will be loyal (3+ years) | 83% of staff agree: “I believe the work I do advances our mission” | | | | | | | | | | | | | | | | |
| 90% work fewer hours because of WSOS | 60% participate in career resources | Social media audience size of 4,589 (FB), 2,903 (LI) and 1,374 (IG) | At least 42% 50% (CY24 CY25) donors will be retained | 83% of staff agree: “I would recommend WSOS as a great place to work” | | | | | | | | | | | | | | | | |
| 90% attend full-time because of WSOS | 90% report being more prepared | Applicant targets: <table border="1"> <thead> <tr> <th></th> <th>BaS</th> <th>CTS</th> <th>GRD</th> </tr> </thead> <tbody> <tr> <td>BIPOC</td> <td>75%</td> <td>60%</td> <td>50%</td> </tr> <tr> <td>First-gen</td> <td>64%</td> <td>67%</td> <td>65%</td> </tr> <tr> <td>Rural</td> <td>34%</td> <td>40%</td> <td>19%</td> </tr> </tbody> </table> | | BaS | CTS | GRD | BIPOC | 75% | 60% | 50% | First-gen | 64% | 67% | 65% | Rural | 34% | 40% | 19% | 100% retention of staff by CY25 | 83% of staff agree: “I would recommend my supervisor to future employees” |
| | BaS | CTS | GRD | | | | | | | | | | | | | | | | | |
| BIPOC | 75% | 60% | 50% | | | | | | | | | | | | | | | | | |
| First-gen | 64% | 67% | 65% | | | | | | | | | | | | | | | | | |
| Rural | 34% | 40% | 19% | | | | | | | | | | | | | | | | | |

Today's Snapshot

| <p>Ensuring scalable, statewide scholarship accessibility and financial aid impact</p> <p>AWARDS</p> | <p>Ensuring scalable, statewide support services</p> <p>PROGRAMS</p> | <p>Build awareness of the WSOS brand</p> <p>EXTERNAL AFFAIRS</p> | <p>Fund to 2030 and beyond</p> <p>ADVANCEMENT</p> | <p>Be a preferred workplace</p> <p>OPERATIONS</p> |
|---|--|---|---|--|
| <p>Improving eligibility of applicants:</p> <ul style="list-style-type: none"> Used feedback from community partners, volunteers, and staff to improve the application by providing clarity and additional resources on completing the application <p>★★★★</p> | <p>Improving persistence:</p> <ul style="list-style-type: none"> 63% of BaS Scholars have engaged with Lead (goal 70%) 56% of new CTS Scholars opted into Lead program (goal 60%) 33% of CTS Scholars have engaged with Lead (goal 30%) <p>★★★☆☆</p> | <p>Media coverage/speaking engagements:</p> <ul style="list-style-type: none"> Due to interim ED status, we are not pursuing ED appearances until a hire is made Media was deprioritized given absences due to family leave and pressing legislative issues <p>★★☆☆☆</p> | <p>Campaign revenue:</p> <ul style="list-style-type: none"> \$2.1M raised in CY24 Brings campaign total to \$51.3M Goal to raise \$60M by end of CY25 <p>★★★★☆</p> | <p>HR and culture enhancements:</p> <ul style="list-style-type: none"> Headcount: 30 Open: 3 New hires last Q: 5 Open enrollment for 2025 active Hosted staff year-end celebration on Dec. 5 <p>★★★★☆</p> |
| <p>Successfully completing processes (increase, renewal):</p> <ul style="list-style-type: none"> Offered CTS & BaS info sessions to help provide clarity around the increase and renewal process (over 300 Scholars participated) Hosted CTS focus groups to improve understanding of how to improve renewal process <p>★★★★</p> | <p>Closing opportunity gaps:</p> <ul style="list-style-type: none"> Reaching out to the 37% of BaS Scholars who haven't engaged with their Lead yet to encourage them to do so Conducting BaS and CTS midyear assessment in January; we'll share those results at the next Board meeting <p>★★★☆☆</p> | <p>Social/owned media growth:</p> <ul style="list-style-type: none"> On track with social media audience growth <p>★★★★</p> | <p>Donor loyalty:</p> <ul style="list-style-type: none"> 33% donor retention (goal of 42%) 48 donors loyal in CY24 (goal is 50 by end of CY24) <p>★★★★☆</p> | <p>Finance:</p> <ul style="list-style-type: none"> 2022 and 2023 501 Commons audits pending; received restated financials mid-October Opening balance loaded as-is for current reporting (corrections based on audits will be made as needed) Invoiced WSAC for \$7.5M in outstanding state match <p>★★★★☆</p> |
| <p>Attend school full-time and work less:</p> <ul style="list-style-type: none"> CTS will be launching two renewal cycles starting in Feb, aligning better with when students are completing or needing additional funding <p>★★★★</p> | <p>Improving career outcomes:</p> <ul style="list-style-type: none"> Over 140 unique users on the BaS and CTS job board so far 333 mentor-mentee matches (goal 460) Over 120 Scholars joined Corporate partner events <p>★★★☆☆</p> | <p>Scholarship promotion:</p> <ul style="list-style-type: none"> Surpassed CTS application goal by nearly 40% in first-ever combined winter/spring CTS cycle By year's end, WSOS will have supported 91 events across the state <p>★★★★</p> | <p>Donor acquisition:</p> <ul style="list-style-type: none"> Some progress on major gifts: 9 in CY24 (goal is 25) Advancement team will be fully staffed by December 2024 <p>★★★★☆</p> | <p>IT and Data & Systems:</p> <ul style="list-style-type: none"> Deployed VPN to all staff Engaged with vendor for Security Awareness training for all staff Onboarded WSOSF/WSOS with IT MSP – Executech <p>★★★★</p> |

Key wins of the quarter



- Nearly 1,100 CTS winter/spring applications (goal was 800)
- Five new staff members
- First 2025 OpportunityTalks sponsor: Costco at \$100K
- Potential to expand our reach with the new promise-style bill, which is also...

Challenges of the moment



- Staying closely involved with promise-style bill's fast pace
- Continued delays with financial reporting from 501 Commons and the lingering impact on our Finance function

ED CORNER:

Next Steps on the ED Search

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WSOS Executive Director Search

- **Key similarities**

- Job announcement content (with new firm branding)
- Salary range
- Interview timeline and stakeholders

- **Key differences**

- New search firm: Egon Zehnder
- Expanded reach
- Interview loops

Timeline

| | October | | | November | | | | December | | | | January | | | | February | | | | |
|--|---------|----|----|----------|----|----|----|----------|---|----|----|---------|---|----|----|----------|-----------------------|-----|-----|------|
| Date | 14 | 21 | 28 | 4 | 11 | 18 | 25 | 2 | 9 | 16 | 23 | 30 | 6 | 13 | 20 | 27 | 3 | 10 | 17 | 24 |
| Kickoff | █ | | | | | | | | | | | | | | | | | | | |
| Candidate Identification & Assessments | █ | █ | █ | █ | █ | █ | | █ | █ | | | | | | | | | | | |
| Initial interviews <i>(Kimber & Johnathan)</i> | | | | █ | █ | █ | | █ | █ | █ | | | | | | | | | | |
| Search Committee Interviews <i>(Jane P., Jolenta, Michael, Patrick)</i> | | | | | | █ | | █ | █ | █ | | | | | | | | | | |
| Funder Discussions <i>(Jane B., Gina)</i> | | | | | | | | | | | | | █ | █ | █ | | | | | |
| Scholar/Staff Discussion | | | | | | | | | | | | | | | | | Between 1/27 and 2/14 | | | |
| Board Chair 1:1 | | | | | | | | | | | | | | | | | 2/3 | 2/4 | 2/5 | |
| Board Meeting | | | | | | | | | | | | | | | | | | | | 2/25 |



How the Search is Going

- **Promising start**

- Egon Zehnder has engaged with ~30 potential candidates
- Includes our priority prospects, candidates they have recruited, and select individuals who applied online

- **Robust and diverse applicant pool emerging**

- Variety of lived experiences
- Examples of orgs where they've worked: Microsoft, Boeing, Amazon, United Way of King County, and other nonprofits

- **Current step: early interviews**

Requests Related to the ED Search

Two requests for Board action

- 1. Keep Johnathan as interim ED and Kimber as full-time until April 30 or the new ED starts, whichever comes first**
 - In July, the Board voted for Kimber to *“appoint an interim ED starting on September 1 for up to six months with the possibility of extending the contract if needed”*
 - Board also voted for Kimber to *“remain employed as a full-time employee until December 31, 2024”*

Requests Related to the ED Search

2. Delegate authority to Jane Park to determine the next ED's salary

- Salary would be within the \$200-225K range the Board set
- Also suggest Board authorize Jane to include up to \$10K in relocation expenses if the next ED is moving for the role
- Aligned with legal counsel on this delegation

REQUESTED BOARD ACTION

- Vote to approve:
 - Keeping Johnathan as interim ED and Kimber as full-time until April 30 or the new ED starts, whichever comes first
 - Delegating authority to Jane Park to determine the next ED's salary within \$200-225K, plus up to \$10K in relocation expenses

2025 LEGISLATIVE SESSION PREVIEW

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GOAL

- Share preview of 2025 legislative session landscape
- Preview bill and potential impacts to WSOS
- Discussion
- Action: Board position on bill

Election brings another wave of new members, small increase in already large Democratic majorities

- Democrats likely to hold 60% majorities in both chambers
- Longtime WSOS champions are no longer in Olympia
- Education on WSOS and relationship-building are a high priority

Legislators face multi-billion budget shortfall, impact to higher ed unclear

- Shortfall due to 15.8% growth in spending with projected revenue growing at only 3.5%
- Higher education is historically vulnerable during tight budgets
- Higher ed enrollment remains a concern

Credential attainment still lags

- 12.8% job growth rate through 2032
- Estimated 1.5M job openings, 75% require postsecondary credentials
- Need for WSOS continues to increase



Source: WA Round Table

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Generous aid in WA not enough to change enrollment, legislators look to Promise programs

- Policies to make community college free have been explored for almost a decade
- Two Promise-style scholarship programs introduced in 2024, Renton Promise funded in 2023
- Some legislators interested in better serving middle-income families

Bill to modify WSOS statute, creating more local government Promise-style programs

- Draft legislation would allow government partners to create program rules that expand WSOS eligibility
- Our must-haves:
 - No use of private dollars or their state match
 - Separate program, funding, branding reporting, etc.
 - Exploring adding a data requirement

Recommended Board position on bill

- Neutral
 - Good for Washington students
 - Preserves intent of Opportunity Scholarship
 - But... there are administrative unknowns
- Why we seek your position

Discussion

- Are there other must-have items we should be considering?

REQUESTED BOARD ACTION

- Vote to establish Board position of neutral for Promise-style bill

Next steps

- We will stay connected to this bill throughout the process
- Legislative session starts on January 13, 2025

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TOMORROW, TODAY
CAMPAIGN UPDATE

OVERVIEW FOR TODAY

1. 6-month progress update
2. Campaign reality check
3. Looking ahead to 2025

TOP STRATEGIES FOR PAST 6 MONTHS

- 1. Build and retain the team:** Recruit, hire, and on-board three key roles for the Development team.
- 2. Deploy the Executive Director:** Coordinate a roadshow for the incoming ED to meet and connect with key partners and donors.
- 3. Streamline systems.** Maintain engagement and stewardship by more effectively leveraging our CRM and finance information system.

WE'VE BUILT A FULL TEAM

We've built a sustainable fundraising team. Our team will be fully staffed by December 16, 2024. Over the past 6 months we've filled these roles:

- Corporate Partnerships Manager
- Development Officer
- Digital Media and Design Officer
- Events Officer
- Major Gifts Officer

WE'RE EXPANDING OUR REACH

While we wait for a new ED, we continue to meet with new partners and foundations.

- We attended the Regional Leadership Conference and connected with over 30+ corporate, government and non-profit partners.
- We've recruited two new members to the Campaign Steering Committee and are reinvigorating our campaign momentum.
- We're pursuing new foundation funding opportunities, like Lever for Change, Murdock Foundation, Greater Health Now.

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WE'VE STREAMLINED OUR SYSTEMS

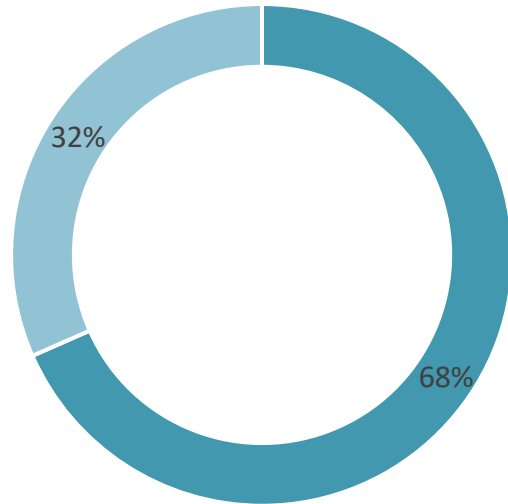
- **We have a reliable finance partner with WSOSF.** Reporting will be simplified and enable us to apply for more foundation opportunities.
- **We're effectively engaging and stewarding our existing partners.** We're leveraging our CRM to promote donor retention and loyalty.



CAMPAIGN PROGRESS

WE ARE STILL IN THE FINAL THIRD OF THE CAMPAIGN AND BEHIND PACE.

- We've raised **\$51.3M** to date and are **68%** toward the \$75 Million goal.
- The current funding gap won't affect us in the short-term, though we will work with finance in 2025 to determine the long-term implications (e.g., cohort size).



- Raised to date \$51,305,669
- Remaining to be raised \$23,694,331

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WE'RE STILL CLOSING GIFTS

- **Recent notable gifts**

- \$100k Costco sponsorship
- \$123k BECU Foundation
- \$100k Bristol Myers Squibb
- 3 gifts of \$10k+

- **Gifts in process**

- \$750,000 renewal from the Connell Family
- Grant applications for M.J Murdock Charitable Trust, Lever for Change, Greater Health Now

KEY STRATEGIES IN 2025

- 1. Pursue regional and industry-specific fundraising opportunities:** Coordinate regional trips to cultivate new partnerships. Strategically target industries that align with WSOS.
- 2. Build and steward new supporters:** Host engaging campaign events. Prioritize relationship management of major donors.
- 3. Deploy the Executive Director:** Coordinate a roadshow for the incoming ED to meet and connect with key partners and donors.

DISCUSSION

What additional strategies should we consider to elevate our profile in the region and across the state?

WASHINGTON COLLEGE GRANT

WSOS ALIGNMENT UPDATE

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UPDATE

- Continued research on the questions posed by the Board led to additional questions that need further investigation
- Financial modeling has been delayed with the transition to the Foundation

NEXT STEPS

- Continue to work with the finance and advancement team to review scholarship modeling
- Develop an implementation plan for current Scholars
- Present proposed structure in Q1, 2025, for a vote

GRADUATE SCHOLARSHIP (GRD)

GRADUATE EXPANSION

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GOAL

- Vote to approve adding the following GRD eligible programs:
 1. **Master of Social Work (MSW)** - mental health counseling, family and marriage, social work
 2. **Doctor of Nursing Practice (DNP)** - Certified Nursing Midwife

WASHINGTON STATE HEALTHCARE NEEDS

The demand for **social workers** in Washington State is growing significantly

- The U.S. Department of Labor estimates a **13% growth in social work vacancies across Washington by 2028**, which is faster than the national average
- Washington is among the **lowest-ranking states** in the nation in serving people with mental health challenges
- **Nearly 25% of adults with a mental illness have reported they could not access care**—a situation only exacerbated by the pandemic

WASHINGTON STATE HEALTHCARE NEEDS

Washington State **urgently needs more midwives**, especially in **rural areas** where nearly **half the counties lack adequate obstetric care**

- This shortage has worsened with a **30% decrease in birthing hospitals**
- Certified Nursing Midwives (CNMs) handle **12% of births statewide and 31.6% in rural hospitals**, offering **comprehensive and cost-effective** maternal health care, including **prenatal care, deliveries, and newborn care**

NEW FUNDING AND PARTNERSHIP OPPORTUNITIES

- **Lever for Change grant** looks to support organizations dedicated to **women's health care**
 - Melinda French Gates organization
- **Washington State Board of Nursing** has also reached out to partner and support in expanding our eligible programs due to medical shortages in rural regions
- Opens door for additional opportunities in the future

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REQUESTED BOARD ACTION

- Vote to approve adding the following GRD eligible programs:
 1. **Master of Social Work (MSW)** - mental health counseling, family and marriage, social work
 2. **Doctor of Nursing Practice (DNP)** - Certified Nursing Midwife

Pending funding for both programs

FINANCE & PROGRAM ADMINISTRATOR UPDATE

September 30, 2024

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WSOS Balance Sheet

Washington State Opportunity Scholarship
Comparative Balance Sheets
September 30, 2024

| | Comparison to Last Reported Period | | | Comparison to Same Period LFY | | | |
|---|------------------------------------|------------|--------------------|-------------------------------|--------------------|------------|--------------------|
| | 6/30/24 | % Change | 9/30/24 | Notes | 9/30/23 | % Change | 9/30/24 |
| Assets | | | | | | | |
| Cash | 4,466,651 | -54% | 2,071,981 | 1 | 3,739,196 | -45% | 2,071,981 |
| Investments | 98,323,065 | 5% | 103,500,399 | 2 | 87,885,392 | 18% | 103,500,399 |
| Accounts Receivable | 16,528 | 0% | - | | 180,614 | 0% | - |
| Pledges and Grants Receivable, net | 18,381,726 | 1% | 18,505,984 | 3 | 18,026,847 | 3% | 18,505,984 |
| State match receivable, net | 242,197 | | 7,511,788 | 4 | - | 0% | 7,511,788 |
| Unbilled State match revenue | 11,260,037 | -92% | 876,704 | 4 | 13,369,968 | -93% | 876,704 |
| Unbilled State match receivable, offset | (11,260,037) | -92% | (876,704) | 4 | (13,369,968) | -93% | (876,704) |
| Due From WSOF | - | | - | | - | | - |
| Prepaid Expenses | 76,009 | 64% | 124,900 | | 37,182 | 236% | 124,900 |
| Property and equipment, net | 18,323 | -10% | 16,412 | | 19,635 | -16% | 16,412 |
| Total Assets | 121,524,499 | 8% | 131,731,464 | | 109,888,867 | 20% | 131,731,464 |
| Liabilities and Net Assets | | | | | | | |
| Accounts Payable | 187,007 | -22% | 145,394 | | 236,028 | -38% | 145,394 |
| Payroll Related Liabilities | 144,364 | -36% | 92,398 | | 122,377 | -24% | 92,398 |
| Due To WSOF | - | | 50,046 | | - | | 50,046 |
| Scholarship Commitments Bacc., net | 20,762,874 | 26% | 26,255,264 | 5 | 24,424,026 | 7% | 26,255,264 |
| Scholarship Commitments CTS, net | 7,507,190 | -10% | 6,752,646 | 5 | 2,537,637 | 166% | 6,752,646 |
| Scholarship Commitments RJL, net | 108,900 | 291% | 425,324 | 5 | 177,565 | 140% | 425,324 |
| Scholarship Commitments GRD, net | 509,687 | 0% | 510,525 | 5 | 690,525 | -26% | 510,525 |
| Total Liabilities | 29,220,022 | 17% | 34,231,597 | | 28,188,158 | 21% | 34,231,597 |
| Net Assets | | | | | | | |
| Temporarily Restricted Net Assets | 92,304,478 | 6% | 97,499,866 | | 81,700,710 | 16% | 97,499,866 |
| Permanently Restricted Net Assets | - | 0% | - | | - | 0% | - |
| Total Net Assets | 92,304,478 | 6% | 97,499,866 | | 81,700,710 | 19% | 97,499,866 |
| Total Liabilities and Net Assets | 121,524,500 | 8% | 131,731,463 | | 109,888,867 | 20% | 131,731,463 |

We believe the assets are properly stated, but we're concerned the scholarship models are understating the full liability.

Upcoming event impact...

- *December scholarship disbursement of ~\$8mm will be paid out.*
- *Potential restatement of Scholarship Liability.*

WSOS Income Statement

Washington State Opportunity Scholarship

Income Statements

Actual vs. Budget

Nine Months Ending September 30, 2024

| | Nine Months Ending September 30, 2024 | | | December 31, 2024 | |
|---|---------------------------------------|---------------------|----------------------|-------------------|---------------------|
| | Actual | Budget | Variance Fav (Unfav) | Notes | Annual Budget |
| Revenue | | | | | |
| Private | 5,039,611 | 4,015,000 | 1,024,611 | 1 | 8,115,000 |
| Public | 11,901,625 | - | 11,901,625 | 2 | - |
| Investment Dividends & Interest | 150,941 | 35,100 | 115,841 | | 46,800 |
| Investment Unrealized/Realized Gains | 9,069,022 | 1,926,000 | 7,143,022 | 3 | 2,568,000 |
| Investment Fees | (22,954) | (21,150) | (1,804) | | (28,200) |
| Total Revenue | 26,138,246 | 5,954,950 | 20,183,296 | | 10,701,600 |
| Program Expense | | | | | |
| Salaries and Benefits | 2,622,568 | 2,910,011 | 287,443 | 4 | 3,977,671 |
| Professional Fees - Program Admin fees | 652,432 | 652,934 | 502 | | 907,934 |
| Professional Fees - Contractors & Lobbying | 418,310 | 463,200 | 44,890 | 5 | 665,368 |
| Conferences, Conventions & Meetings | 139,727 | 156,124 | 16,397 | 6 | 207,910 |
| Operating Expenses | 241,771 | 429,594 | 187,822 | | 486,962 |
| | 4,074,808 | 4,611,862 | 537,054 | | 6,245,845 |
| Income (Loss) before Scholarship Exp | 22,063,438 | 1,343,088 | 20,720,351 | | 4,455,755 |
| Scholarship Expense | 11,649,104 | 17,482,501 | 5,833,397 | 7 | 18,991,228 |
| Net Income (Loss) | 10,414,334 | (16,139,413) | 26,553,747 | | (14,535,473) |

Scholarship expense has come in lower than expected due to higher than forecasted returns and potential error in scholarship expense calculation.

Note: We have no budget amount for state matching revenue

WSOS Cash Flow

Cash Flow Summary

Inception-To-Date
September 30, 2024

| | Inception - Sept 30, 2024 | | | Comparison to June 30, 2024 | | | |
|--|---------------------------|------------------|-------|-----------------------------|----------------------|--------------------|--------------------|
| | Scholarship | Endowment | Notes | Total | Scholarship Variance | Endowment Variance | Total Variance |
| <u>CASH FLOW</u> | | | | | | | |
| Cash Inflow: | | | | | | | |
| Boeing | 30,260,000 | | | 30,260,000 | - | - | - |
| Ballmer | 7,500,000 | | | 7,500,000 | 2,500,000 | | 2,500,000 |
| Microsoft | 42,500,000 | | | 42,500,000 | - | | - |
| Rubens | 2,035,904 | | | 2,035,904 | - | | - |
| Connell (stock donation) | 1,300,407 | | | 1,300,407 | - | | - |
| Centene | 500,000 | | | 500,000 | - | | - |
| Other Private | 47,029,723 | | | 47,029,723 | 137,682 | | 137,682 |
| State Match | 119,385,207 | | 1 | 119,385,207 | 3,194,019 | | 3,194,019 |
| State Implementation Funds | 500,000 | | | 500,000 | - | | - |
| Investment Income* | 39,445,268 | 8,552,096 | 2 | 47,997,363 | 4,691,522 | 487,566 | 5,179,088 |
| Total Cash Inflows | 290,456,508 | 8,552,096 | | 299,008,604 | 10,523,224 | 487,566 | 11,010,790 |
| Cash Outflow: | | | | | | | |
| Scholarships | (155,530,197) | | 3 | (155,530,197) | (6,820,570) | | (6,820,570) |
| Program Expenses | (37,900,215) | (5,812) | | (37,906,027) | (1,407,557) | | (1,407,557) |
| Total Cash Outflows | (193,430,412) | (5,812) | | (193,436,224) | (8,228,126) | - | (8,228,126) |
| Net Cash Flow Inception-To-Date | 97,026,096 | 8,546,284 | | 105,572,380 | 2,295,097 | 487,566 | 2,782,663 |
| <u>Composition of Net Cash Flow</u> | | | | | | | |
| Chase Checking Account | 2,071,981 | - | 4 | 2,071,981 | (2,394,670) | - | (2,394,670) |
| Investment Accounts at WSIB | 94,954,116 | 8,546,283 | 4 | 103,500,399 | 4,689,768 | 487,565 | 5,177,333 |
| Total | 97,026,097 | 8,546,283 | | 105,572,380 | 2,295,098 | 487,565 | 2,782,663 |

Better than forecasted investment returns and larger scholarship refunds resulted in improved cash balances.

Upcoming Event Impact...

- We will pay out \$8mm in scholarships in December.
- Receiving \$7.5mm from WSAC for state match funds.

WSOS 12-Month Cash Flow

Cash Flow Summary

Twelve Month Period
Ending
September 30, 2024

Twelve Months Ending Sept 30, 2024

| | Scholarship | Endowment | Notes | Total |
|---|---------------------|------------------|----------|---------------------|
| <u>CASH FLOW</u> | - | - | | |
| Cash Inflow: | - | - | | |
| Microsoft | 2,500,000 | - | | 2,500,000 |
| Ballmer | 2,500,000 | | | 2,500,000 |
| Rubens | 1,015,669 | | | 1,015,669 |
| Connell | 600,407 | | | 600,407 |
| Centene | 500,000 | | | 500,000 |
| Other Private | 806,162 | - | 1 | 806,162 |
| State Match | 9,538,842 | - | 2 | 9,538,842 |
| Investment Income | 17,699,641 | 1,733,416 | 3 | 19,433,056 |
| Total Cash Inflows | 35,160,720 | 1,733,416 | | 36,894,136 |
| Cash Outflow: | - | - | | |
| Scholarships | (17,765,184) | - | 4 | (17,765,184) |
| Program Expenses | (5,181,161) | | | (5,181,161) |
| Total Cash Outflows | (22,946,346) | - | | (22,946,346) |
| Net Cash Flow Sept 2023 -Sept 2024 | 12,214,374 | 1,733,416 | | 13,947,790 |

PROPOSED JAN - JUNE 2025 BUDGET

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SCHOLARSHIP

PROPOSED JAN-JUNE 2025 BUDGET

| | Jan-June 2024 Budget | Jan-June 2025 Proposed | Variance 2024 v. 2025 |
|--|-------------------------|---------------------------|--------------------------|
| REVENUES | 2,743,300 | 6,803,100 | 4,059,800 |
| SCHOLARSHIP EXPENSES | 1,330,535 | -2,188,420 | -3,518,955 |
| TOTAL NON-SCHOLARSHIP EXPENSES | 3,422,288 | 3,304,077 | -118,211 |
| SCHOLAR LEADS | 229,390 | 246,156 | 16,766 |
| SALARIES, TAXES, BENEFITS | 1,992,027 | 1,726,502 | -265,525 |
| CONSULTING, PROFESSIONAL SERVICES & LOBBYING | 201,510 | 195,915 | -5,595 |
| PROGRAM ADMIN FEE | 475,950 | 704,976 | 229,026 |
| ALL OTHER OPERATING COSTS | 523,411 | 430,528 | -92,883 |

Represents 88% programs; 12% operational spending.

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SIX MONTH NUANCES

- Recommending six months due to **fiscal year change**; next fiscal year starts on July 1, 2025
- Negative scholarship expense due to moving CTS spring selection from Q1 to the prior Q4
 - Result is that all scholarships are booked in Q3 and Q4
 - Without a disbursement in Jan-June 2025, **-\$2.2M reflects the refunds we expect to receive**
- **Program expense ratio based on full year**

CAMPAIGN CONTINUES

- **Adjusted our expected contributions**, and our revenue reflects that
- Anticipated revenue from **private gifts** is \$1.2M; this is **down** from the \$1.45M budgeted in Jan-June 2024
- **Positive \$4M variance** due to state match booking
 - Did not book a state match in Jan-June 2024
 - **Booked \$4.3 state match for Jan-June 2025**
 - WSOSF Finance team is aware of booking inconsistency and plans to address it on a go-forward

Reminder: major giving & investment strategy means revenues don't equal expenses in most years at WSOS.

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SLIGHT PERSONNEL INCREASE

- While salaries, taxes & benefits *appear* down by \$266K, they're **up** by \$61K (3.7%)
- **Key decreases**
 - -\$327K reflective of WSOSF staff moving to PA fee
 - -\$60K due to favorable adjusted payroll tax and reduction of External Affairs Director from 1.0 FTE to 0.6 FTE
- **Key increases**
 - ~\$45K for COLA (anticipating 3%, will align with CPI)
 - \$71K for **two new roles** (1.6 FTE, factoring in reduction above)
 - **Promotion:** we're saying no to high impact opportunities and consistently behind in our targeted demographics
 - **Awards:** we need to right-size support based on increased cohort sizes, funding complexities, and helping more Scholars remain eligible

PROGRAM ADMINISTRATOR FEE AS EXPECTED

- **\$705K proposed aligns with budget numbers we've presented**
- **\$229K increase largely due to WSOSF staff compensation that came from WSOS salaries, taxes, and benefits**

OVERALL, NON-SCHOLARSHIP SPENDING DOWN BY \$118K (3.5%)

- Scholar Lead costs are **up** by \$17K
 - Lower than the \$44K increase we anticipated
 - Reflective of more Leads than Jan-June 2024, plus background checks
- Consulting, professional services & lobbying are **stable** (down \$6K)
- Other operating costs are **down** by \$93K; **key decreases** are
 - -\$28K, new PA finance build out
 - -\$28K, OTalks/Campaign videography
 - -\$25K, internal audit
 - -\$10K, Scholar photo shoot for collateral library

PROGRAM EXPENSE RATIO RANGE

- **Board Resolution** available in pre-read
- Goals:
 - **Maintain our excellent status** to reinforce the confidence of funders and key stakeholders
 - Adopt a range so that the **program does not sacrifice quality or innovation** in service of keeping expenses low
- Reflects the **85-92% range** on which the F&I Committee aligned during Q2 2024 meeting

REQUESTED BOARD ACTION

- Vote to approve the January to June 2025 proposed budget
- Vote to adopt the Program Expense Ratio Range Board Resolution

PROGRAM ADMINISTRATOR UPDATE

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SCHOLARSHIP

PROGRAM ADMINISTRATOR UPDATE

- **HR**
 - Performing a full HR assessment in partnership with OneDigital
 - Assessing HR function and structure
- **Finance**
 - Received restated financials
 - Entered opening balance sheet; awaiting audits
- **IT**
 - Launched cyber security and awareness training
 - Partnering with Microsoft on security assessment
- **Other Operations**
 - Preparing for interim ED support

REQUESTED BOARD ACTION

- Vote to approved new WSOSF Board member, [Javania Cross Polenska](#).



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UPCOMING BOARD MEETING:
February 25, 2025