

APPENDIX 1

1.6.2026 F&I Committee Pre-Read

WASHINGTON STATE
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**FINANCE & INVESTMENT COMMITTEE MEETING AGENDA
JANUARY 6, 2026 – 2PM TO 3:30PM
REMOTE**

To join virtually: click on the Microsoft Teams link in meeting invitation, Dial +1 332-249-0607 Phone Conference Id: 22693678#

I.	Meeting Called to Order		Patrick Smith Board Member Committee Chair	2:00pm
II.	Approval of Minutes from Aug 28 Meeting	[Tab A]	Patrick Smith Board Member Committee Chair	2:00-2:05p
III.	WSOS Audit Update	[Tab B]	Melissa O’Keefe Comptroller, WSOSF	2:05-2:25p
IV.	WSIB Quarterly Performance Report	[Tab C]	David Schumacher WSIB	2:25-2:40p
V.	WSOS Program Administrator Update	[Tab D]	Melissa O’Keefe Comptroller, WSOSF	2:40-2:50p
VI.	Program Update » WSOS Program Update » Strategic Plan: Stakeholder Engagement Findings	[Tab E]	Isabel Muñoz-Colón Exec. Director, WSOS	2:50-3:10p
VII.	Executive Session (if needed)		Patrick Smith Board Member Committee Chair	3:10-3:30p
VIII.	Meeting Adjourned		Patrick Smith Board Member Committee Chair	3:30p

Committee Questions for Consideration:

- TBD

Tab A

- **Meeting Minutes from 8.28.2025 F&I Meeting**

**FINANCE & INVESTMENT COMMITTEE MEETING MINUTES |
THURSDAY, AUGUST 28, 2025, 2:30 P.M. – 4:00 P. M.**

Members present via Microsoft Teams: Patrick Smith, Elisa La Cava, Matt Rubright, Joseph Walker, Matt Wang, Kendra Mathias, Jess Peet

Members not present: Bo Lee, Brad Faulhaber

Other Attendees on Teams: Isabel Muñoz-Colón, Kimber Connors, Grace Park, Melissa O’Keefe, Giuliana Franco, David Schumacher, James Abner, Aileen Liu, Tish Day, Chris Hanak

Meeting Called to Order

Patrick Smith called the meeting of the Washington State Opportunity Scholarship (WSOS) Finance and Investment Committee (F&I) to order at 2:33 p.m.

Approval of Minutes

Smith proceeded to the first order of business, which was to approve the minutes from the 06/16/2025 meeting.

Committee Action: Joseph Walker moved to approve the minutes, and Kendra Mathias seconded the motion. The Board unanimously approved the meeting minutes.

WSIB Quarterly Performance Report

Smith turned it over to David Schumacher from the Washington State Investment Board (WSIB), who presented the quarterly investment performance update for the WSOS funds, covering results through June 30, 2025. Schumacher noted that differences in fund performance primarily reflect the structure of the portfolios. The endowment fund maintains an 80/20 equity-to-fixed-income allocation, while the Baccalaureate (BaS) and Career & Technical (CTS) funds are weighted in the opposite direction at 30/70. This structural difference explains the majority of the variation in returns. Over the past twelve months, the BaS and CTS funds returned 10.4%, compared to 11.7% for the equity-weighted endowment.

Schumacher placed performance in the context of broader economic conditions. He recalled the market volatility in April triggered by tariff announcements, observing that despite this uncertainty, equity markets subsequently reached record highs, a reminder of the unpredictability of short-term events and the importance of a long-term investment approach. Inflation remains relatively low, with broad equity markets returning 11.5% for the quarter and 16% for the year. While the Federal Reserve has kept interest rates steady, there is speculation of potential reductions in upcoming quarters. Schumacher stressed that WSOS’s investment strategy is not based on short-term market timing but on long-term stability. He then reviewed the portfolio composition, noting that fund sizes vary significantly—from roughly \$64 million to \$500,000—and cautioned that the charts should be read with these scale differences in mind. The endowment fund currently holds 81.9% equities, slightly above its target allocation but well within approved bounds. In contrast, the BaS and CTS funds maintain allocations closer to 70% fixed income. Schumacher also highlighted that the SIB invests passively in equities through broad index funds managed by BlackRock, which provides both diversification and cost efficiency. By contrast, fixed income investments are actively managed by SIB’s internal credit market staff. This combination, he explained, gives WSOS access to broad equity markets at very low cost while maintaining flexibility and expertise in credit markets. Smith asked about the equity allocations across all funds, noting that they are currently above the midpoint and approaching the upper bounds of

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their target ranges given continued market strength. He inquired what procedures are in place should the allocations exceed their limits. Schumacher responded that WSIB actively monitors allocations and seeks to “lean into the wind” by guiding new investments toward fixed income when equity positions rise above target. He explained that adjustments are not made week-to-week, as that would drive unnecessary costs, but rather over time to bring allocations back toward their strategic targets.

Aileen Liu of WSIB added that the agency has a formal rebalancing procedure in place to ensure portfolios remain within their approved ranges. She noted that while allocations are currently nearing the upper threshold, a buffer of 1%, rebalancing actions are taken as needed and executed cost-consciously to avoid unnecessary transaction costs.

Schumacher of WSIB reviewed fund performance relative to benchmarks, noting that across all funds, actual returns have consistently exceeded benchmarks over the three- and five-year periods. He credited WSIB’s investment staff for this performance, emphasizing that the core mandate of the SIB is to generate returns that meet or slightly outperform benchmarks. He also highlighted the expected differences between equities and fixed income, with equities producing stronger long-term growth while fixed income remained more stable.

During the discussion, Matt Wang asked in the meeting chat how much of the equity portion is tied up in the private investments’ vs public investments. Schumacher confirmed that all equities in these funds are public, with no private equity holdings. Wang expressed appreciation for this clarification. Jess Pete then raised a question regarding whether rebalancing is timed to coincide with scholarship disbursements. Liu affirmed that while disbursements are indeed an ideal time to rebalance, WSIB would not wait for such events if market conditions required action. Liu reiterated that the goal is to maintain allocations within the policy bands of plus or minus 5% while minimizing transaction costs.

Program Administrator Report

Smith turned it over to Melissa O’Keefe, WSOS Foundation Comptroller, who provided the Program Administrator and Finance Update. O’Keefe opened by noting that since the Board last met, she has settled into her role and expressed appreciation for the team’s support in the closing fiscal year. She reported progress across several areas: on the HR side, the organization recently completed its annual staff survey and is collaborating with the Programs team on an action plan, while cost-of-living adjustments were implemented at the end of July. The annual talent calibration process and market compensation updates will take place in early September. On the finance side, O’Keefe reported that the fiscal year has closed with what she described as a “strong draft,” meaning the numbers being presented closely reflect what will be in the audited financials, with only minor adjustments anticipated. O’Keefe highlighted the hiring of a permanent staff accountant, previously a contractor, who has strengthened internal consistency and accuracy. She also confirmed that audit preparations are underway.

O’Keefe then provided an update on the new scholarship distribution process authorized through recent statutory changes. Under the previous system, WSOS disbursed projected funds up front, with colleges returning unused balances. The new process eliminates this back-and-forth by shifting to a reimbursement model in which WSOS pays out only after colleges confirm student eligibility, significantly reducing administrative burden and risk. She also explained an important change in how WSOS will recognize scholarship expenses in its financial statements. Historically, WSOS recognized the full multi-year value of new scholarship awards up front, with the reported expense largely reflecting changes in liability projections. Under the new method, expenses will instead be recognized on a term-by-term basis as eligibility is confirmed. While liabilities will continue to be disclosed in the footnotes,

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they will no longer dominate the balance sheet and income statement. O'Keefe emphasized that this change is purely an accounting adjustment and does not affect how students access their scholarships or WSOS's commitment to fully fund awards. Kendra Mathias raised a question regarding whether the new scholarship disbursement model might create timing gaps between when schools verify enrollment and when students receive funds. O'Keefe clarified that there is no such gap. Schools initially front the cost for only a few days before submitting rosters of eligible students, at which point WSOS disburses funds directly. O'Keefe emphasized that the change reduces administrative burden without impacting Scholar access to funding.

O'Keefe then expanded on the rationale behind the new expense recognition model. She explained that recent statutory language changes explicitly clarified that scholarship awards are contingent on enrollment verification, which allows WSOS to properly classify them as conditional grants rather than unconditional. Under the old model, expenses were recognized in full at the time of a new cohort award, as if the grant were unconditional. In practice, however, continued disbursement depends on Scholars meeting the eligibility requirements term by term. Recognizing expenses at the point of eligibility confirmation therefore provides a more accurate representation of how the program operates.

O'Keefe also emphasized the timeliness of making this adjustment now. With the transition to the WSOS Foundation as program administrator, FY 2025 is the first year of a new accounting cycle. Implementing the change at this point avoids the need for a mid-cycle accounting policy change, which would likely be classified as a finding by auditors and could require a restatement of prior-year financials. By introducing the change at the outset, WSOS strengthens its financial reporting without retroactive disruption.

This approach more accurately reflects program operations, avoids wide swings caused by retention modeling assumptions, and reduces audit risk. O'Keefe stressed that this change also addresses a source of potential audit risk. In prior years, even small changes in retention modeling could produce large swings in liability calculations, creating confusion for external stakeholders and funders who interpreted these numbers as cash movement or changes in cohort size. She explained that the new treatment will reduce volatility in reported expenses, strengthen transparency, and provide greater clarity to funders, auditors, and Board members. She noted that auditors, outside accounting advisors, and WSOS's finance team had all reviewed and endorsed this change.

O'Keefe acknowledged that the shift would bring some trade-offs. Comparisons to historic data will be less straightforward, particularly because the change coincides with other transitions: moving from a calendar year to a fiscal year ending June 30, and the shift from 501 Commons to the WSOS Foundation as Program Administrator. Differences in accounting systems also complicate continuity, since balances and quarterly data were transferred rather than full monthly ledgers. She reassured the Board, however, that her team will continue to provide supplemental reporting and, with advance notice, can prepare multi-year views to help directors track trends over time. She stressed that these trade-offs were reasonable, and that the benefits of improved clarity, reduced audit risk, and alignment with actual operations far outweigh the challenges.

Balance Sheet & Cash Flow

Turning to the balance sheet, O'Keefe highlighted several key developments. Cash balances increased, driven in part by the receipt of a Microsoft donation, while accounts receivable declined due to donations no longer expected. WSIB investment remains strong. On the liability side, scholarship liabilities no longer appear on the face of the financials under the new accounting treatment, though the information will continue to be provided in supplementary reporting. She noted that certain refunds

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received in July and August appear as negative liabilities due to accrual treatment. Finally, O’Keefe reported that WSOS has fully spent down the state match funds from the last biennium and has begun to draw on the new allocation.

During discussion of the balance sheet, Isabel Muñoz-Colón raised the issue of whether the Finance & Investment Committee had previously been briefed on changes to the Rubens pledge. Smith confirmed that the committee had not received a formal update. Muñoz-Colón explained that a major donor, who had originally committed \$10 million payable over time, had fulfilled \$4 million of the pledge but subsequently relocated out of state and informed WSOS that they would not be completing the balance of the commitment. Muñoz-Colón clarified that the financial adjustments presented in the quarter’s results reflect this development, and she invited O’Keefe to confirm that the change was captured in the accounts. O’Keefe confirmed and noted that the reduction in accounts receivable (AR) was partially driven by this adjustment. Joseph Walker asked about the other remainder of the AR decrease.

O’Keefe explained that approximately \$6 million in adjustments were made, including the Rubens pledge, a smaller \$200,000 donor adjustment, and the recording of funds received, most notably \$2.5 million from Microsoft. Walker acknowledged the clarification and thanked staff for the explanation.

O’Keefe then turned to the six-month transition budget, which had been created to align WSOS with the new fiscal year cycle. She noted that some differences between actuals and the approved budget were expected, particularly because the new scholarship accounting treatment had not been contemplated when the budget was developed. She reported that the state match is running slightly higher than projected, largely due to timing, but confirmed that all prior-year amounts have now been reconciled and that the program is fully caught up, with monthly reconciliation processes in place. Salaries and benefits were initially running high, but O’Keefe explained that this was due to a budgeting calculation error that has since been corrected in the new fiscal year budget. Current projections now show salaries and benefits trending positively.

O’Keefe further explained that the adjustment to pledges—most notably the Rubens pledge—was recorded as an expense because the revenue had been previously recognized in earlier years. This accounting treatment is what drives the “bad debt” expense line. She also noted that scholarship expenses appear different from budgeted amounts because the new term-based recognition model records expenses as eligibility is confirmed, rather than in full at the time of cohort selection.

Although the net income/loss position looks unfavorable when comparing the six-month budget alone, O’Keefe stressed that when viewed across the broader 18-month period (the 2024 budget plus the transition budget), WSOS is trending positively. She commended program staff for their strong internal controls, prudent spending practices, and careful stewardship of resources, noting that the year closed in a strong overall financial position despite the transition.

O’Keefe next turned to cash flow reporting, noting that the current model was built off the March report and may need some adjustments because certain reconciliations pre-dated that period. She committed to rerunning the cash flow analysis and providing a refreshed update at the next meeting. She highlighted that increases in receivables, alongside state match inflows and scholarship disbursements, were the main drivers of recent cash activity. O’Keefe acknowledged that projecting a 12-month cash flow remains the most challenging aspect of the reporting process at this stage but emphasized that this is a temporary issue. As additional cycles of financial data are collected under the new fiscal year

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and accounting structure, side-by-side comparisons and longer-term forecasts will become more reliable.

Scholarship Model & Audit

O’Keefe then reviewed the updated scholarship modeling, noting that had liabilities still been recorded under the old model, the year-end balance would have reflected \$24 million in remaining obligations for current cohorts. With the addition of the new 2025–26 cohorts, total projected liabilities increase accordingly. She explained that these projections will be refined after the selection of winter and spring CTS cohorts and once a full disbursement cycle has run under the revised process.

O’Keefe provided an update on the upcoming audit. The process is scheduled to begin within the next two weeks, with the trial balance due on September 8, fieldwork scheduled for mid-November, and final audited financials expected by year-end. O’Keefe shared that she and her team are approaching the process with exuberance and humility, underscoring both their confidence in the accuracy of the current data and their openness to learning through the audit. She noted that consistency will be aided by retaining the same auditors who previously worked with WSOS under 501 Commons. The team has been using the preparation period not only to clean up data, but also to refine internal processes—examining whether recurring bottlenecks or errors point to the need for procedural changes. She described WSOS as being in a good spot, with cautious optimism heading into the first Foundation audit. Jess Peet thanked O’Keefe and her team for their work on getting ready for the audit despite the absence of a lot of information.

Kimber Connors followed with an update on the state match process, noting that questions had been raised at the previous committee meeting about the \$2.2 million that was not requested in the correct fiscal year by the prior administrator. She explained that while this has created a technical gap in timing, WSOS leadership is not overly concerned because of how the state match system is structured. Connors clarified that the request continues to be included in current and future submissions, but because it now falls outside the intended fiscal year, it requires special policy action by the Legislature. In the most recent session, lawmakers were not willing to prioritize adding the \$2.2 million, given the broader budget climate. However, Connors emphasized that legislators have indicated they are willing to do so in a future year when more resources are available. She underscored that the delay does not represent a permanent loss. Rather, it is an issue of timing and mechanics within the state’s appropriations process. As a result, the shortfall effectively comes out in the wash over the life of the scholarship program and would only fully matter in the final years of the program, far in the future, when all state matching funds are reconciled. Both she and O’Keefe are continuing to track the issue closely, and Connors expressed confidence that the \$2.2 million will ultimately be recovered.

Program Update

Smith turned over the floor to Muñoz-Colón and the Program Update. Muñoz-Colón outlined four topics she planned to cover: updates to the scholarship cohort model, the graduate scholarship program, the recently awarded Ballmer IT grant, and a preview of the upcoming strategic planning process.

Muñoz-Colón began by revisiting prior committee discussions on potential changes to the scholarship cohort models, noting that in April the committee had anticipated returning to this meeting with concrete options for modifying cohort sizes. After further consultation with Lyanne O’Connell, as well as discussions with Patrick Smith and Board Chair Brad Smith, staff concluded that it would be premature

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to advance changes at this stage. Because many of the assumptions driving the cohort model—such as retention expectations, program scale, and cost structures—are directly tied to the long-term strategy, Muñoz-Colón recommended deferring major adjustments until after the completion of the strategic planning process. She emphasized that staff would continue internal analysis of cohort implications as part of the landscape and goal setting work but would return to the Committee with specific options next year once the broader strategic direction has been established.

Before shifting topics, Muñoz-Colón closed the loop on questions raised in earlier meetings regarding the graduate scholarship program. Concerns had been raised about whether sufficient funds existed to support the selection of a new graduate cohort. Muñoz-Colón explained that after a detailed review of available resources by O’Keefe and Connors, staff determined that funding is sufficient, and no Committee or Board action is required at this time. She reassured members that the program is in a strong position to maintain its next cohort and emphasized the value of the new finance and foundation leadership in clarifying these resource questions.

Muñoz-Colón next highlighted a major new opportunity for WSOS: participation in a pilot program funded by the Ballmer Group to strengthen nonprofit IT and data systems. She explained that the Ballmer team has studied common infrastructure gaps in the sector and is testing whether targeted investments in technology can accelerate nonprofit impact. She described the award as both rare and transformative, noting that few nonprofits have access to this level of capacity-building support. Muñoz-Colón stated after consultation with Lisa Magennis, three priority areas have been identified for the grant. First, WSOS will transition its custom scholar management system into a more scalable and user-friendly platform, easing administrative burdens and better serving staff. Second, the organization will expand its data capabilities to track long-term scholar outcomes more rigorously, including credit attainment and employment and begin benchmarking WSOS Scholars against non-scholars to strengthen the case for return on investment. Finally, the grant will fund improvements to cybersecurity and technical infrastructure, with an eye toward leveraging emerging tools such as artificial intelligence to create efficiencies in operations and to improve services for Scholars.

Muñoz-Colón then explained why the grant had been brought before the Finance & Investment Committee. In December 2024, the WSOS Board passed a resolution establishing a program expense ratio between 85 and 92 percent. The current budget reflects a ratio of roughly 88 percent, squarely within that band. However, the Ballmer award will increase WSOS’s operating side of the ledger, potentially pushing the ratio below the 85 percent floor. To address this, Muñoz-Colón flagged the possibility of seeking a one-time exemption to exclude the Ballmer grant from the program expense ratio calculation. She emphasized the importance of transparency with the committee, noting that leadership wanted to ensure both Board awareness and alignment before proceeding with a recommendation to the full Board for formal approval.

Patrick Smith confirmed that Board action would be required to address the potential variance in the program expense ratio caused by the Ballmer IT grant, as the resolution adopted in December 2024 explicitly required Board approval for any exceptions. He emphasized that the Finance & Investment Committee’s role was to review the staff recommendation, address questions, and then forward a recommendation to the full Board.

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In discussion, Peet asked for clarification on whether the request was for a true exemption, meaning that WSOS would be permitted to fall outside the approved 85–92 percent program expense ratio or whether the proposal was instead to exclude the Ballmer grant from the ratio calculation altogether. Muñoz-Colón explained that the intention was the latter: to treat the Ballmer award as a one-time operational grant that would be excluded from the program/operations ratio math. Because the timing of expenditures could place the majority of the funds in either the current or following fiscal year, excluding the grant would ensure that the temporary increase in operations spending did not artificially push WSOS below the 85 percent threshold.

Connors anchored the discussion by clarifying that the program expense ratio is a key nonprofit financial measure that funders monitor to ensure organizations are not spending disproportionately on operations at the expense of mission delivery. Connors reiterated that while the Ballmer grant is an exciting and transformative opportunity, its classification as an operational investment will almost certainly push WSOS outside the approved 85–92 percent program expense ratio range. She emphasized that the timing of this impact could vary depending on when the grant funds are received and expended—it could occur in the current fiscal year, the next, or even the following year. Connors noted that in reviewing the December 2024 Board resolution, the clear requirement is that any variance from the approved ratio must be authorized by the Board.

Walker asked whether the Ballmer grant would be counted as both revenue (inflows/donations) and expenses, or if it would only appear as \$1.5 million of additional spending. His question sought to clarify whether the grant would affect both sides of the ratio calculation or only increase the denominator.

There were discussions by Smith, Walker and Peet whether the Ballmer grant would count as both revenue and expenses, essentially balancing out. But O' Keefe clarified that the program expense ratio is based only on expenses, not revenue. Because the entire Ballmer grant falls under operations, it increases operating costs without offsetting in the ratio calculation. This means it would push the organization outside the approved 85–92% program expense ratio range, unless the Board grants an exemption to exclude the Ballmer grant from the calculation.

Peet expressed concerns on the implications of removing the ratio from reporting. Peet acknowledged that the ratio is an important health metric for external stakeholders evaluating organizational efficiency. However, Peet stated eliminating it entirely might appear misleading—essentially as though the organization were pretending the money was never received or spent. Peet suggested that while one option would be to seek an exception that temporarily lowers the percentage, simply removing the measure felt less transparent. She emphasized that donors and funders often use such ratios to make decisions about the effectiveness of an organization, and therefore the most honest approach may be to keep the ratio visible, even if it requires additional explanation. Walker commented that an explanatory footnote would be needed. Connors then sought clarification from Muñoz-Colón, confirming her understanding that the policy resolution would remain in effect generally, but that in the case of this grant, the organization would effectively disregard it when determining compliance with the resolution's intent. Muñoz-Colón confirmed this interpretation.

Connors emphasized that while the adjustment might apply for internal policy allowance, external reporting would continue to reflect the grant's impact in full. She stressed that the organization would not alter the numbers when presenting information to outside stakeholders—this adjustment applied

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only to how the resolution was internally interpreted. Muñoz-Colón agreed, noting that the reporting obligation remained. Smith noted that the organization was essentially deciding to set aside its self-imposed ratio rule for the duration of the grant. Peet agreed, clarifying that the adjustment would apply for this year and next year. Smith emphasized that the exception would remain in place if spending continued from the grant, which Peet felt was acceptable given the significant upside.

Matt Rubright then asked whether the funds were restricted in such a way that they could only be used for specific projects, suggesting that if not, they might not have been granted. Muñoz-Colón confirmed that the expenditures were limited to allowable projects tied to IT enhancements and data support. Rubright acknowledged that while transparency was important, the opportunity cost of not using the funds outweighed the downside, reinforcing support for the recommendation.

Kendra Mathias sought clarification on whether the \$1.5 million allocation was spread over two years or available each year. Muñoz-Colón explained that it was over two years. Mathias further asked whether the organization could time its expenses to remain within the ratio threshold, suggesting a spend-down approach. Muñoz-Colón responded that while that might be possible, the two-year window for IT investments created a challenge. Muñoz-Colón noted that she was already in conversation with Ballmer representatives, drawing from her experience that two years is not a long horizon for IT project funding. She concluded that the organization would need to act quickly to ensure the funds were deployed within the grant period. O'Keefe highlighted that the grant funds were eligible for the state match. While the \$1.5 million represented indirect program support through IT and infrastructure, she emphasized that the matching dollars would flow directly into scholarships and program spending. O'Keefe described this as both an indirect and direct benefit, calling it a significant win for the organization.

Muñoz-Colón agreed, noting she often forgot to underscore this point, while Smith expressed that he had not initially considered whether the funds were match-eligible and was pleased to learn they were. O'Keefe confirmed this understanding, and Muñoz-Colón reiterated her agreement. Smith asked whether the state would require the organization to align its spending with the grant restrictions. O'Keefe and Muñoz-Colón clarified that the state did not impose such requirements; instead, the state expected the organization to advance its scholarship mission. Smith concluded that this arrangement not only reinforced the scholarship purpose but also mitigated the ratio concern, since the matched funds would flow directly into scholarships. Peet added that this further strengthened the case.

Committee Action: Jess Peet called for a motion to recommend that the Board approve a one-time exemption of the Ballmer grant from the program operation expense ratio calculation. Matt Rubright and Joseph Walker simultaneously seconded. The motion passed unanimously.

Strategic Planning Process Preview

Muñoz-Colón provided the Committee with an update and preview of the upcoming strategic planning process, scheduled to launch in September. She emphasized that the effort would not be about replacing existing strengths at WSOS, but rather about enhancing and expanding upon what is working well. Having spent several months reviewing data, engaging staff, and speaking with scholars, Muñoz-Colón noted that there is a solid foundation to build upon. The process will allow WSOS to reimagine “the how” while reaffirming “the why” behind its mission.

Muñoz-Colón explained that the strategic planning process would create space to pressure-test ideas, take a fresh look at scholar experiences, and identify opportunities to significantly increase the number

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of students who complete credentials and secure jobs in their fields. She observed that WSOS is well positioned to enter these discussions, particularly with the establishment of the Foundation, which provides greater bandwidth to think strategically rather than focusing exclusively on operational matters.

She explained that the work would begin with context setting, including a review of the current landscape, engagement with scholars, and analysis of data to better understand how students are being supported in high-demand fields such as STEM, healthcare, and the trades. From there, the organization will move into a strategic foundation phase focused on refining the mission, theory of change, theory of action, and goals in light of the current environment. The final phase will involve operationalizing this work by translating the vision and goals into a roadmap that can be managed and executed. Muñoz-Colón noted that the Committee would be engaged throughout these stages, providing perspective through one-on-one interviews, discussions at Committee meetings, and by previewing the final plan prior to its presentation to the full Board. While the Committee will contribute through a financial lens, she stressed that members' broader expertise will also be an important asset.

She also announced that WSOS would partner with Education First, a Washington-based consulting firm with national reach and a strong reputation for supporting strategic planning across nonprofits, state agencies, and philanthropic organizations. Muñoz-Colón shared her past experience working with the firm who brings expertise in education, workforce development, and partnership building. She also noted that Education First's network of philanthropic partners often helps amplify the work of organizations by sharing innovative practices and highlighting new initiatives. Muñoz-Colón expressed her enthusiasm for beginning the process with Education First in the coming week and invited Committee members to share any initial thoughts or questions.

Smith thanked Muñoz-Colón for her presentation and noted that it concluded the substantive portion of the meeting. He reminded members that the next Finance & Investment Committee meeting was scheduled for December 9 at 1:00 p.m.

Executive Session:

Smith confirmed that there were no items for executive session and invited members to raise any matters if they wished; none were brought forward.

Adjournment

Before adjourning, O' Keefe returned to an outstanding item from the prior meeting regarding interest in a deeper discussion of the scholarship model. She asked whether members still wished to convene separately on that topic. Mathias recalled that an email had already been sent about scheduling, and Grace Park confirmed she was coordinating the meeting, noting that she had received confirmations from Smith and Mathias and inviting additional members to contact her if they wished to participate.

With no further business, Smith called for a motion to adjourn. Matt Rubright moved, and Elisa La Cava seconded. The motion was carried out without opposition, and the meeting adjourned at 3:49 p.m.

Respectfully submitted,

Grace Park

Tab B

- **WSOS Audited Financial Statements Draft**

WASHINGTON STATE OPPORTUNITY SCHOLARSHIP FOUNDATION

Financial Statements

For the Year Ended June 30, 2025

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Independent Auditor's Report

**To the Board of Directors
Washington State Opportunity Scholarship Foundation
Seattle, Washington**

Opinion

We have audited the accompanying financial statements of Washington State Opportunity Scholarship Foundation (the Organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The program-level information included in the statements of financial position and statements of activities 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.

Certified Public Accountants

[DATE]

DRAFT

WASHINGTON STATE OPPORTUNITY SCHOLARSHIP FOUNDATION

**Statement of Financial Position
June 30, 2025**

	WSOS - Foundation	WSOS - Program	Interfund Eliminations	Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ 29,644	\$ 3,782,880	\$ -	\$ 3,812,524
Interfund receivable	74,762		(74,762)	
Current portion of pledges receivable		8,059,856		8,059,856
Other receivables		375,847		375,847
Prepaid expenses	65,014	99,780		164,794
Total Current Assets	169,420	12,318,363	(74,762)	12,413,021
Long-term portion of pledges receivable, net		3,683,721		3,683,721
Investments		105,632,167		105,632,167
Furniture, fixtures and equipment, net	24,949	22,286		47,235
Right-of-use asset - operating		36,727		36,727
Right-of-use asset - financing		3,804		3,804
Total Assets	\$ 194,369	\$ 121,697,068	\$ (74,762)	\$ 121,816,675
Liabilities and Net Assets				
Current Liabilities:				
Accounts payable	\$ 46,059	\$ 82,329	\$ -	\$ 128,388
Interfund payable		74,762	(74,762)	
Accrued liabilities and other	45,297	229,302		274,599
Current portion of operating lease liabilities		38,372		38,372
Current portion of financing lease liabilities		2,793		2,793
Total Current Liabilities	91,356	427,558	(74,762)	444,152
Financing lease liabilities, net of current portion		1,011		1,011
Total Liabilities	91,356	428,569	(74,762)	445,163
Net Assets:				
Net assets without donor restrictions	103,013			103,013
Net assets with donor restrictions		121,268,499		121,268,499
Total Net Assets	103,013	121,268,499		121,371,512
Total Liabilities and Net Assets	\$ 194,369	\$ 121,697,068	\$ (74,762)	\$ 121,816,675

See accompanying notes.

WASHINGTON STATE OPPORTUNITY SCHOLARSHIP FOUNDATION

**Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2025**

	WSOS - Foundation	WSOS - Program	Interfund Eliminations	Total
Activity Without Donor Restrictions				
Support and Revenue Without Donor Restrictions:				
Contract revenue	\$ 1,242,960	\$ -	\$ (1,203,798)	\$ 39,162
Release from purpose restrictions		17,017,733		17,017,733
Total Support and Revenue Without Donor Restrictions	1,242,960	17,017,733	(1,203,798)	17,056,895
Expenses:				
Program services		14,406,994		14,406,994
Management and general	1,125,084	1,782,182	(1,203,798)	1,703,468
Fundraising		828,557		828,557
Total Expenses	1,125,084	17,017,733	(1,203,798)	16,939,019
Change in Net Assets Without Donor Restrictions	117,876			117,876
Activity With Donor Restrictions				
Contributions with donor restrictions		1,248,339		1,248,339
State match revenue		6,179,838		6,179,838
Transfer in of the WSOS Program		130,298,743		130,298,743
Investment return, net		6,782,307		6,782,307
Release from purpose restrictions		(17,017,733)		(17,017,733)
Change in Net Assets With Donor Restrictions Before Losses on Uncollectible Pledges		127,491,494		127,491,494
Losses on uncollectible pledges		(6,222,995)		(6,222,995)
Change in Net Assets With Donor Restrictions		121,268,499		121,268,499
Total Change in Net Assets	117,876	121,268,499		121,386,375
Net assets, beginning of year	(14,863)			(14,863)
Net Assets, End of Year	\$ 103,013	\$ 121,268,499	\$ -	\$ 121,371,512

See accompanying notes.

WASHINGTON STATE OPPORTUNITY SCHOLARSHIP FOUNDATION

**Statement of Functional Expenses
For the Year Ended June 30, 2025**

	Program Services - Scholarships	Management and General	Fundraising	Total Supporting Services	Total
Scholarship	\$ 12,225,956	\$ -	\$ -	\$ -	\$ 12,225,956
Salaries, taxes, and benefits	1,892,324	1,030,083	646,708	1,676,791	3,569,115
Consultants and professional services	115,755	257,669	25,220	282,889	398,644
Convenings, conferences and travel	55,128	52,933	49,923	102,856	157,984
Operating costs	117,831	362,783	106,706	469,489	587,320
Total Expenses	<u>\$ 14,406,994</u>	<u>\$ 1,703,468</u>	<u>\$ 828,557</u>	<u>\$ 2,532,025</u>	<u>\$ 16,939,019</u>

DRAFT

WASHINGTON STATE OPPORTUNITY SCHOLARSHIP FOUNDATION

**Statement of Cash Flows
For the Year Ended June 30, 2025**

Cash Flows From Operating Activities:	
Change in net assets	\$ 121,386,375
Adjustments to reconcile change in net assets to net cash used in operating activities-	
Depreciation and amortization	84,059
Transfer in of the WSOS program	(130,298,743)
Realized and unrealized gains on investments	(6,706,804)
Loss on uncollectible pledges	6,222,995
Loss on disposal of assets	1,036
Change in assets and liabilities:	
Pledges receivable	7,928,199
Other receivables	(375,847)
Prepaid expenses	(66,634)
Accounts payable	(168,716)
Accrued liabilities and other	252,776
Right of use asset, net of lease liability	1,143
Net Cash Used in Operating Activities	(1,740,161)
Cash Flows From Investing Activities:	
Purchase of investments	(123,571)
Sales of investments	3,029,383
Purchases of furniture, fixtures, and equipment	(101,746)
Net Cash Provided by Investing Activities	2,804,066
Cash Flows From Financing Activities:	
Transfer of cash with WSOS program	2,683,042
Principal payments on financing lease	(2,692)
Total Cash Flows Provided by Financing Activities	2,680,350
Net Change in Cash and Cash Equivalents	3,744,255
Cash and cash equivalents, beginning of year	68,269
Cash and Cash Equivalents, End of Year	\$ 3,812,524
Supplementary Disclosures:	
Noncash net assets transferred for WSOS Program	\$ 127,615,701

WASHINGTON STATE OPPORTUNITY SCHOLARSHIP FOUNDATION

Notes to Financial Statements For the Year Ended June 30, 2025

Note 1 - Significant Accounting Policies

Foundation - Washington State Opportunity Scholarship Foundation (Foundation) was established in 2024 to serve as the program administrator for the Washington State Opportunity Scholarship by providing finance, technology, and human resource services.

WSOS - Washington State Opportunity Scholarship Program (Program) is a public-private partnership established by the Washington State legislature in 2011 under the Revised Code of Washington (RCW) Title 28B.145, *Opportunity Scholarship Act*, to increase access to high-demand STEM and health care majors for low- and middle-income students through scholarships and academic support. The legislation describes in detail how the program is to be funded and administered. Effective September 1, 2024, the Foundation entered into an interagency agreement contract with the State of Washington's Washington Student Achievement Council (WSAC) and the Program Board of Directors for professional services, whereby the Foundation serves as Program Administrator to the Program and the Program is thus included in the financial statements as of and for the year ended June 30, 2025. As a result of the assumption of the Program, \$130,298,743 is shown as a transfer in on the statement of activities and changes in net assets. The contract currently expires June 30, 2027.

The financial account balances and activities of the Foundation and the Program, collectively, are referred to throughout these financial statements as "the Organization."

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:

Net Assets Without Donor Restrictions - Net assets that are not subject to or are no longer subject to donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or passage of time.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets are limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor 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 -

Contributions - Contributions from public and private funders, foundations, and others are recognized as revenue when the donor-imposed conditions, if any, have been met. Unconditional 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.

WASHINGTON STATE OPPORTUNITY SCHOLARSHIP FOUNDATION

Notes to Financial Statements For the Year Ended June 30, 2025

Note 1 - Continued

State Match Revenue - The Program receives private gifts that are matched by contributions to the program from the State of Washington, subject to meeting certain conditions.

Contract Revenue - Contract revenue includes fees paid by the Program to the Foundation for administration of the program. Revenue from contracts with customers is recognized over time as the service is provided. As contract revenue is between the Foundation and the Program, it is eliminated on the statement of activities and changes in net assets. Contract revenue from the Program earned prior to the Foundation becoming the program administrator was not eliminated. Contract revenue not eliminated totaled \$39,162.

Concentrations - During the year ended June 30, 2025, 82% of contribution revenue was from one donor. At June 30, 2025, 99% of pledges receivable were due from three donors.

Cash and Cash Equivalents - The Organization considers all highly liquid investments purchased with an original maturity of three months or less, other than those held in the Organization's investment portfolio, to be cash equivalents.

Pledges Receivable - Pledges receivable, including 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 statements of activities and changes in net assets. Conditional promises to give are recognized when the conditions on which they depend are met. See Note 2.

Management provides for probable uncollectible amounts through a charge to revenues 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.

Investments and Investment Income - Investments generally consist of cash and cash equivalents and commingled index and intermediate credit funds. Returns on investment, including unrealized gains and losses, are recognized in the period earned. Investment return is reported net of related fees.

Investment securities, in general, are exposed to various risks, including interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that the value of these investments will fluctuate in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Furniture, Fixtures, and Equipment - The Organization capitalizes furniture, fixtures, and equipment with a value greater than \$2,500, 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 three to seven years. Leasehold improvements are depreciated over the shorter of their useful life or the lease term.

WASHINGTON STATE OPPORTUNITY SCHOLARSHIP FOUNDATION

Notes to Financial Statements For the Year Ended June 30, 2025

Note 1 - Continued

Right-of-Use Asset and Lease Liability - The Organization determines if an arrangement contains a lease at inception. Operating and financing leases are included in ROU assets and lease liabilities in the statement of financial position. ROU assets represent a right to use an underlying asset for the lease term and operating lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization's leases do not provide an implicit rate of return; thus, the Organization uses the risk-free discount rate, determined using a period comparable with that of the lease term from the later of the lease commencement date or implementation date. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. A ROU asset and operating lease liability is not recognized for leases with an initial term of 12 months or less.

Scholarship Expense - The Program awards scholarships to qualifying students under the following programs:

Baccalaureate Scholarship - Supports students pursuing four-year degrees in STEM and health care-oriented majors at various institutions of higher education in the state, beginning as early as freshman year and continuing through graduation, which may be in year five or six, subject to various restrictions.

Career and Technical Scholarship (CTS) - Supports students pursuing a certificate, apprenticeship, or associate degree in trade, STEM, and health care occupations at various community and technical colleges in the state, subject to various restrictions.

Rural Jobs Initiative (RJI) - Supports students within the CTS program by providing additional funding to those who live in rural communities in Washington State.

Graduate Scholarship (GRD) - Supports students pursuing advanced health care degrees in Washington who plan to work in a medically underserved area upon graduation.

The Organization considers its scholarship commitments to be conditional upon certain performance-related barriers. Conditional scholarships are recognized as expense in the period the conditions have been satisfied. Scholarship expense is recognized on the statements of activities and changes in net assets when educational institutions confirm participants have met the scholarship's conditions.

The total value of the conditional scholarships outstanding at June 30, 2025 totaled \$44,280,903, of which \$19,658,013 is related to the most recent scholarship cohort that is conditioned upon the confirmation of the selected scholar's eligibility by the colleges, to be paid through 2032. The Organization applies a 5.05% present value discount to the total scholarship awards to account for anticipated attrition from unmet conditions or program withdrawals during the grant term generating an estimated \$42,045,755 in outstanding conditional scholarships, which is excluded from the financial statements.

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.

WASHINGTON STATE OPPORTUNITY SCHOLARSHIP FOUNDATION

**Notes to Financial Statements
For the Year Ended June 30, 2025**

Note 1 - Continued

Allocation of Functional Expenses - The cost of providing the various programs and other activities has been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs such as personnel, have been allocated among the programs and supporting services benefited based on time allocation. Similarly, other shared costs such as IT software and operational expenses have been allocated based on number of users or other reasonable basis across functions.

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.

Note 2 - Pledge Receivable

Pledges receivable with due dates extending beyond one year were discounted using discount rates based on risk adjusted rates of return between 3.73% and 4.35% at June 30, 2025. An allowance for uncollectible pledges was not considered necessary at June 30, 2025.

Pledges receivable were as follows at June 30, 2025:

	WSOS - Foundation	WSOS - Program	Total
Pledges receivable expected in-			
Less than one year	\$ -	\$ 8,059,856	\$ 8,059,856
One to five years		4,000,000	4,000,000
		12,059,856	12,059,856
Present value discount		(316,279)	(316,279)
Total Pledges Receivable, Net	\$ -	\$ 11,743,577	\$ 11,743,577

Note 3 - Investments

Investments as presented in the statements of financial position related to the Program consisted of the following at June 30, 2025:

Cash and cash equivalents	\$ 1,794,848
Commingled equity index funds	37,122,447
Commingled intermediate credit	66,714,872
Total Investments	\$105,632,167

WASHINGTON STATE OPPORTUNITY SCHOLARSHIP FOUNDATION

**Notes to Financial Statements
For the Year Ended June 30, 2025**

Note 3 - Continued

The Foundation Board and the Program Board approved the investment policies for WSOS investments. The investments are sourced from both private and public funds. These investment policies were guided by and are designed to comply with various State policies which govern the investment of State funds. All WSOS long-term investments are managed by the Washington State Investment Board (WSIB) as of June 30, 2025. The investment allocation is reviewed periodically based on program spending forecasts and other considerations.

Note 4 - Fair Value Measurements

Valuation Techniques - U.S. GAAP provides a consistent model for determining fair value measurements for financial assets and liabilities and identifies three levels of inputs that are available for measuring fair value. Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using Level 3 inputs are primarily valued using management’s assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 2025:

Cash and Cash Equivalents - Valued at cost, which approximates fair value.

Commingled Funds - Valued based on the market prices of the underlying investments as determined by quoted market prices. The commingled funds are managed and held by the Washington State Investment Board (WSIB) and have no redemption restrictions.

Fair Values Measured on a Recurring Basis - Fair values of assets measured on a recurring basis at June 30, 2025 were as follows:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 1,794,848	\$ -	\$ -	\$ 1,794,848
Commingled equity index funds		37,122,447		37,122,447
Commingled intermediate credit		66,714,872		66,714,872
Total Investments at December 31, 2024	\$ 1,794,848	\$103,837,319	\$ -	\$105,632,167

WASHINGTON STATE OPPORTUNITY SCHOLARSHIP FOUNDATION

**Notes to Financial Statements
For the Year Ended June 30, 2025**

Note 5 - Furniture, Fixtures, and Equipment

Furniture, fixtures, and equipment consisted of the following at June 30, 2025:

	WSOS - Foundation	WSOS - Program	Total
Furniture and fixtures	\$ 33,067	\$ 98,227	\$ 131,294
Less accumulated depreciation	(8,118)	(75,941)	(84,059)
Furniture, Fixtures, and Equipment, Net	\$ 24,949	\$ 22,286	\$ 47,235

Note 6 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at June 30, 2025:

	WSOS - Foundation	WSOS - Program	Total
Purpose and time restricted	\$ -	\$ 12,059,856	\$ 12,059,856
Purpose restricted		109,208,643	109,208,643
Total Net Assets With Donor Restrictions	\$ -	\$121,268,499	\$121,268,499

Note 7 - Leases

Effective September 1, 2024, the Organization leases office space for the Program under a long-term, noncancelable lease agreement which expires in 2026. This lease includes payments for common area maintenance, utilities, taxes, and insurance that are considered variable lease payments and are excluded from determining the lease liability. The Organization also has a number of finance equipment leases for the Program with maturity dates through 2027.

WASHINGTON STATE OPPORTUNITY SCHOLARSHIP FOUNDATION

**Notes to Financial Statements
For the Year Ended June 30, 2025**

Note 7 - Continued

Future minimum payments required under lease as of June 30, 2025 are as follows:

	Financing	Operating
2026	\$ 2,766	\$ 38,500
2027	948	
2028	158	
Total undiscounted cash flows	3,872	38,500
Less present value discount	(68)	(128)
Total Lease Liabilities	\$ 3,804	\$ 38,372

The components of lease expense for the year ended June 30, 2025 are as follows:

Finance lease cost-	
Amortization of right-of-use assets	\$ 2,810
Interest on lease liabilities	117
Operating lease cost	52,650
Total Leasing Expense	\$ 55,577

Supplemental cash flow related to leases as of June 30, 2025 is as follows:

Cash paid for amounts included in the measurement of lease liabilities-	
Operating cash flows from operating leases	\$ 54,200
Operating cash flows from financing leases	\$ 117
Financing cash flows from finance leases	\$ 2,692
Right-of-use assets obtained in exchange for new finance lease liabilities	\$ 6,496
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 92,004
Weighted-average remaining lease term - operating lease	0.6 years
Weighted-average remaining lease term - finance lease	1.5 years
Weighted-average discount rate - operating lease	1.0%
Weighted-average discount rate - finance lease	3.6%

WASHINGTON STATE OPPORTUNITY SCHOLARSHIP FOUNDATION

Notes to Financial Statements For the Year Ended June 30, 2025

Note 8 - 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% of the first 3% of an employee's elective salary deferral, and then 50% of 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 are as follows for the year ended June 30, 2025:

	WSOS - Foundation	WSOS - Program	Total
Total matching contributions	\$ 20,684	\$ 78,921	\$ 99,605

Discretionary and profit-sharing matches for the Plan will vest over a five-year period. No such matches were made during the year ending June 30, 2025.

Note 9 - Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity to ensure it can meet operating needs and fulfill scholarship commitments, while striving to maximize the investment of available funds. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures.

The following table reflects the Organization's financial assets as of June 30, 2025:

	WSOS - Foundation	WSOS - Program	Total
Financial assets-			
Cash and cash equivalents	\$ 29,644	\$ 3,782,880	\$ 3,812,524
Current portion of contributions receivable		8,059,856	8,059,856
Other receivables		375,847	375,847
Financial Assets Available to Meet General Expenditures Within One Year	\$ 29,644	\$ 12,218,583	\$ 12,248,227

The Program's net assets with donor restrictions are excluded from this calculation as they are available for all program activities.

Note 10 - Subsequent Events

The Organization has evaluated subsequent **events through Date**, the date on which the financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any events occurred, the nature of which would require disclosures.

Tab C

- **WSIB Quarterly Performance Report**

WSOS INVESTMENT AND FINANCE COMMITTEE PERFORMANCE REVIEW – 3Q 2025

JANUARY 6, 2026

David Schumacher
Government and Public Affairs Director



WSOS INVESTMENT PROGRAM SUMMARY

SEPTEMBER 30, 2025



- BaS and CTS funds (30% equity/70% fixed income) returned 4.1% for the quarter
- BaS and CTS returned 9.2% for the 12 months ending September 30
- Endowment (80% equity/20% fixed income) returned 6.8% for the quarter and 14.9% for the one-year period
- Equity funds returned 7.8% for the quarter and 17.1% for the year
- Fixed income funds returned 2.5% for the quarter and 5.7% for the year
- Both equity and bond markets generated solid returns during the quarter
- There were no WSOS transactions during Q3

- Global equity markets had a solid quarter with both the S&P 500 and the NASDAQ climbing to record highs, fueled by enthusiasm for AI companies, a robust global economic backdrop, strong corporate profits, and a long-anticipated rate cut by the U.S. Federal Reserve (Fed)
- U.S. labor market continued to show some weakness with unemployment increasing to 4.3% in August
- U.S. headline inflation (Consumer Price Index) rose 3.0% year-over-year for September
- The MSCI Developed World IMI returned 7.4% for the quarter, bringing the 1-year return to 16.9%
- Emerging markets continued to outpace developed markets this quarter
 - The MSCI Emerging Markets IMI returned 9.9%, which brought its 1-year return to 16.0%
- The Fed held two meetings during the quarter
 - After holding rates steady in July, the rate was lowered by 0.25% at the September meeting
- Returns across the fixed income universe were positive for the quarter
 - The Bloomberg Treasury index was up 1.5%, which brought the 1-year return to 2.1%
 - The Bloomberg High Yield index, returned 2.5% for the quarter, while the broader Bloomberg U.S. Universal index returned 2.1%

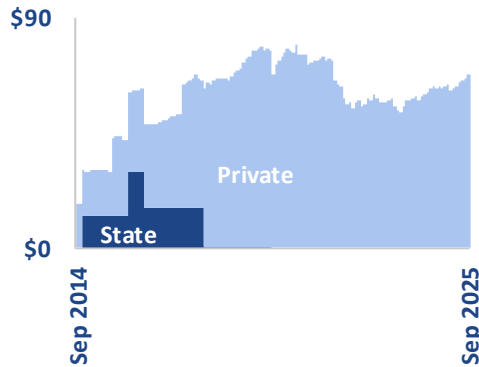
WSOS GROWTH OF ASSETS

SEPTEMBER 30, 2025

BaS (100% Private)

Private Total	\$67,481,473
Equity	\$22,006,177
Fixed Income	\$45,399,407
Cash	\$75,889

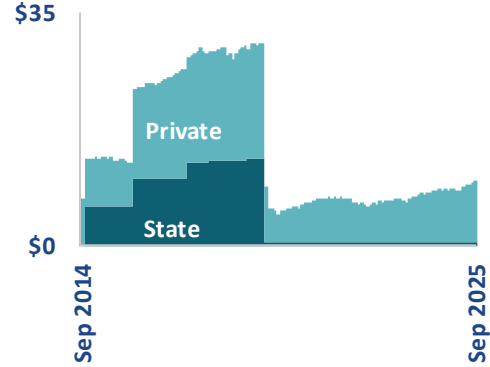
State Match	\$0
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Endowment (93% Private / 7% State Match)

Private Total	\$9,074,941
Equity	\$7,501,000
Fixed Income	\$1,419,142
Cash	\$154,800

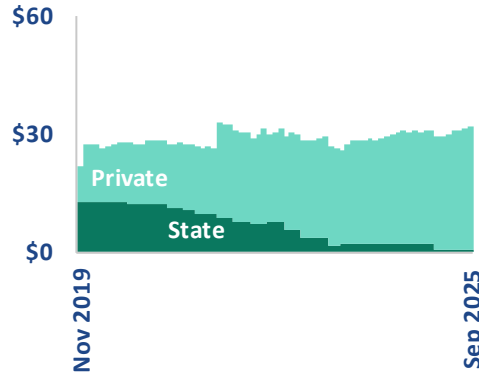
State Match	\$675,240
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CTS (99% Private / 1% State Match)

Private Total	\$31,603,708
Equity	\$10,312,084
Fixed Income	\$21,164,843
Cash	\$126,781

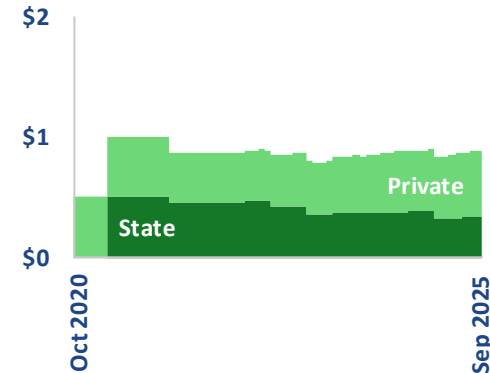
State Match	\$443,458
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GRD (62% Private / 38% State Match)

Private Total	\$554,334
Equity	\$182,627
Fixed Income	\$371,704
Cash	\$3

State Match	\$335,143
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TOTAL MARKET VALUES AND ASSET ALLOCATION

SEPTEMBER 30, 2025

Private Funds

Equity

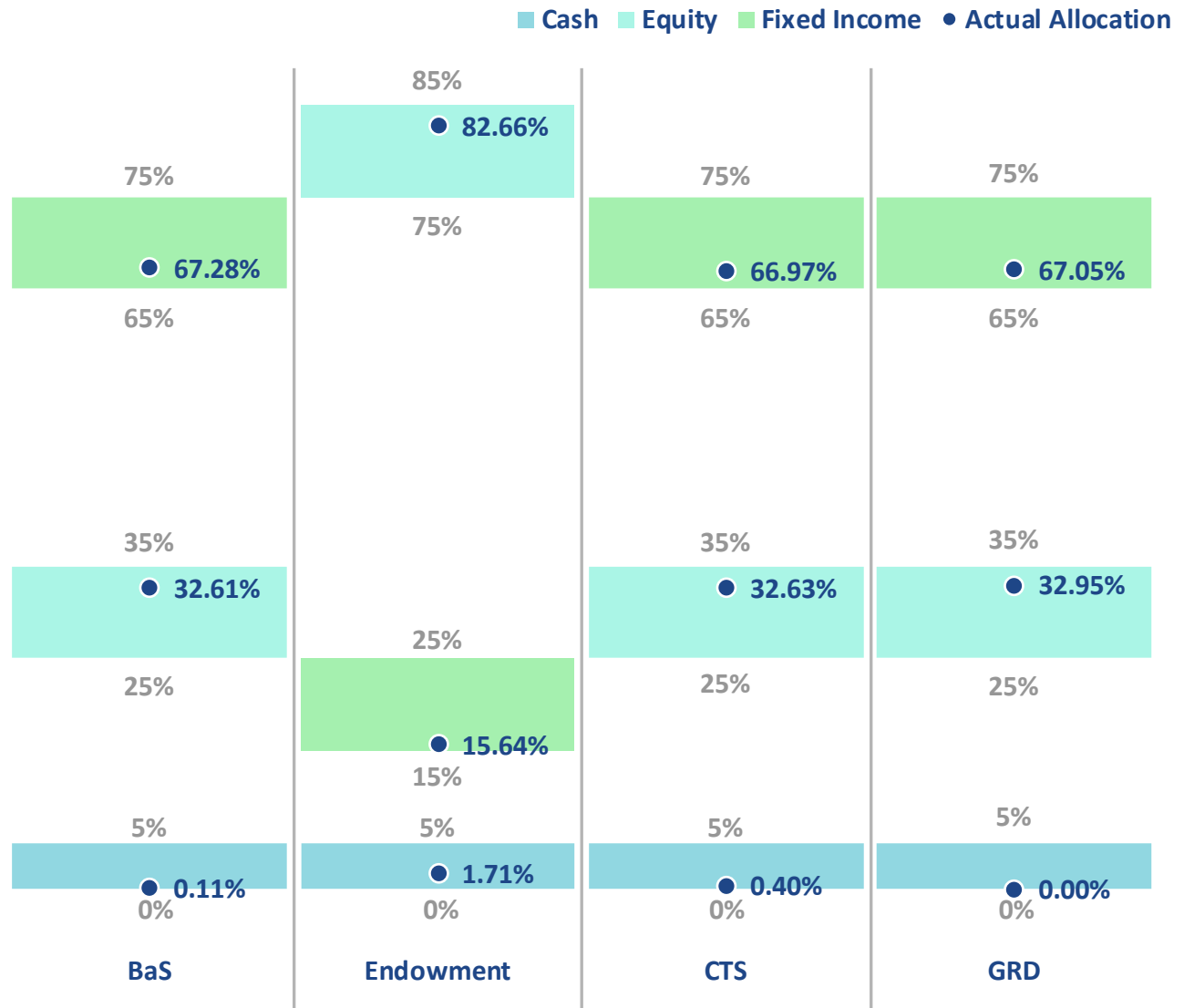
- Passive equity strategy managed by BlackRock
- Expected to closely track the MSCI All Country World Investable Market Index

Fixed Income

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

State Match Funds

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



FUND PERFORMANCE UPDATES

ALL COLUMNS SHOW PERFORMANCE CALCULATED AS OF SEPTEMBER 30, 2025

		Annualized			
	Qtr.	1 Year	3 Year	5 Year	Since Inception
BaS					
Private	4.13%	9.19%	11.52%	5.32%	5.65%
Private Benchmark	3.69%	8.57%	11.19%	5.08%	5.55%
State Match	N/A	N/A	N/A	N/A	0.47%
State Match Benchmark	1.08%	4.43%	4.86%	3.03%	1.93%
Private Funds Benchmark: 30% Equity and 70% Fixed Income. State Match Benchmark: 100% Cash					
Endowment					
Private	6.77%	14.89%	19.65%	11.38%	8.58%
Private Benchmark	6.57%	14.63%	19.52%	11.23%	8.83%
State Match	1.05%	4.34%	4.73%	2.95%	1.84%
State Match Benchmark	1.08%	4.43%	4.86%	3.03%	1.95%
Private Funds Benchmark: 80% Equity and 20% Fixed Income. State Match Benchmark: 100% Cash.					
CTS					
Private	4.12%	9.19%	11.64%	5.43%	5.77%
Private Benchmark	3.69%	8.57%	11.19%	5.08%	5.28%
State Match	1.05%	4.47%	4.77%	2.98%	2.63%
State Match Benchmark	1.08%	4.43%	4.86%	3.03%	2.73%
Private Funds Benchmark: 30% Equity and 70% Fixed Income. State Match Benchmark: 100% Cash					
GRD					
Private	4.15%	9.23%	10.44%	N/A	6.39%
Private Benchmark	3.69%	8.57%	10.04%	6.05%	6.15%
State Match	1.05%	4.39%	4.75%	N/A	3.27%
State Match Benchmark	1.08%	4.43%	4.86%	3.03%	3.33%
Private Funds Benchmark: 100% Cash. State Match Benchmark: 100% Cash.					

Note: All program benchmarks use the MSCI ACWI IMI w/U.S. Gross, Bloomberg Intermediate Credit, and the 90 Day Tbill

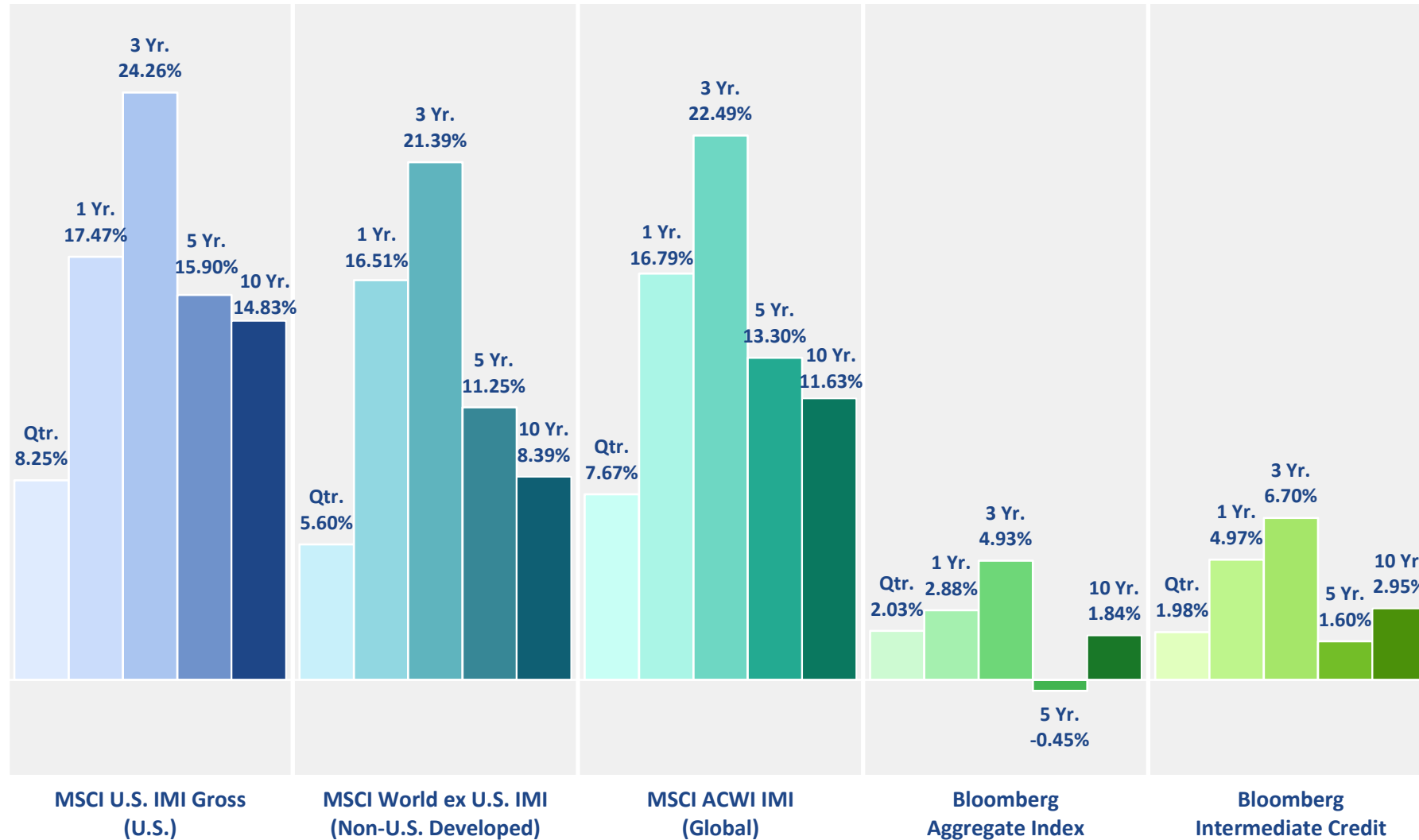
FUND PERFORMANCE UPDATES

ALL COLUMNS SHOW PERFORMANCE CALCULATED AS OF SEPTEMBER 30, 2025

	Qtr.	Annualized			
		1 Year	3 Year	5 Year	Since Inception
Equity					
BaS	7.75%	17.10%	22.80%	13.59%	10.26%
Endowment	7.75%	17.07%	22.78%	13.58%	10.25%
CTS	7.75%	17.10%	22.77%	13.56%	12.71%
GRD	7.76%	17.10%	N/A	N/A	21.17%
MSCI ACWI IMI w/ U.S. Gross	7.73%	17.08%	22.82%	13.60%	
Fixed Income					
BaS	2.46%	5.74%	7.22%	1.90%	3.23%
Endowment	2.46%	5.74%	7.22%	1.91%	3.24%
CTS	2.46%	5.74%	7.22%	1.92%	2.84%
GRD	2.46%	5.74%	N/A	N/A	6.66%
Bloomberg Intermediate Credit	1.98%	4.97%	6.70%	1.60%	

CAPITAL MARKETS AT A GLANCE

SEPTEMBER 30, 2025

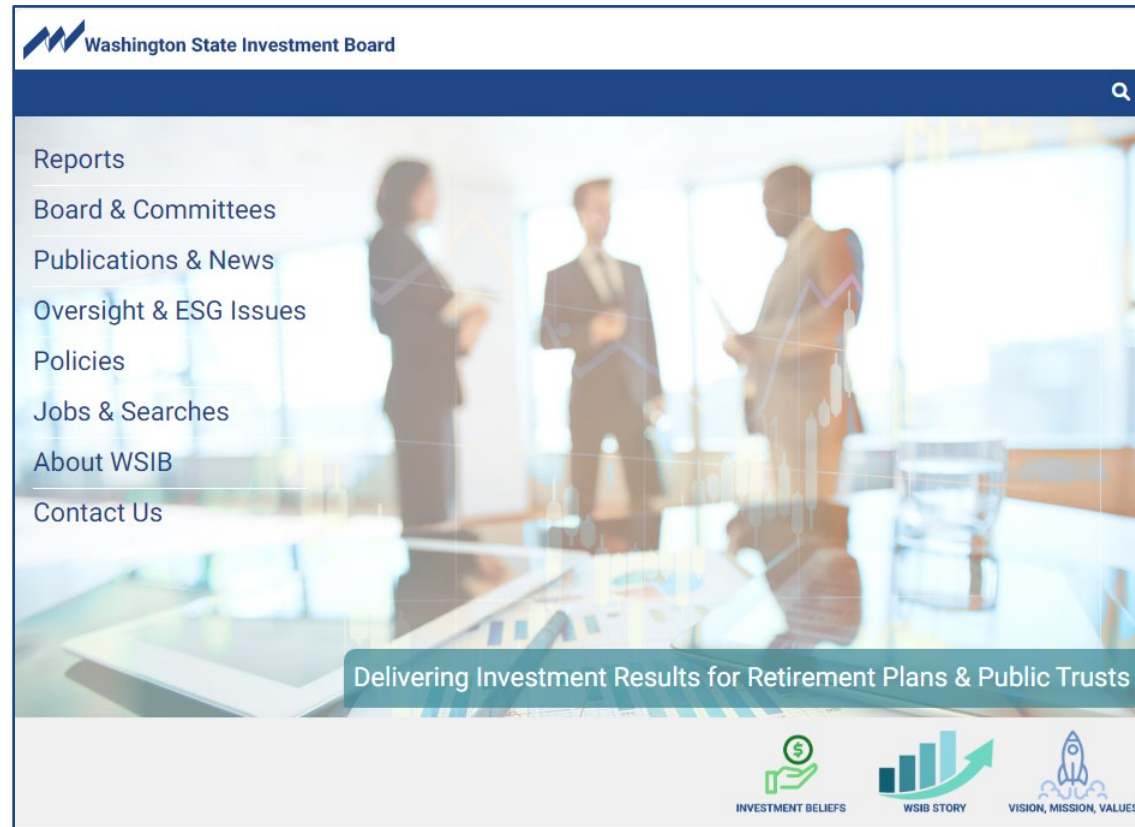


CONTACT INFORMATION

Website: <http://www.sib.wa.gov>

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

Phone: (360) 956-4600



Tab D

- **Program Administrator & Finance Report**

Finance & Program Administrator Update

September 30, 2025

Melissa O'Keefe
Comptroller

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

The “Need-to-Know” in One Slide

- **FY25 Audit complete!**
 - Collaborative, positive process with programs team members to complete substantial first-year documentation in October
 - Iterate-to-great by strengthening some year-end processes across departments
 - Update and compile policies and procedures
- **New scholarship distribution process** began for this term
 - Working to refine the financial side of the reimbursement process with Awards
- **Strategic planning** support kicked off this fall
 - Undesignated funds opportunities to support strategic planning

Prior scholarship disbursement process resulted in many refunds, slow Scholar data

Then: Send all disbursements on a single day prior to the start of the quarter based on estimated disbursements then accept refunds and true-ups



Last fiscal year (*Sep-Jun)

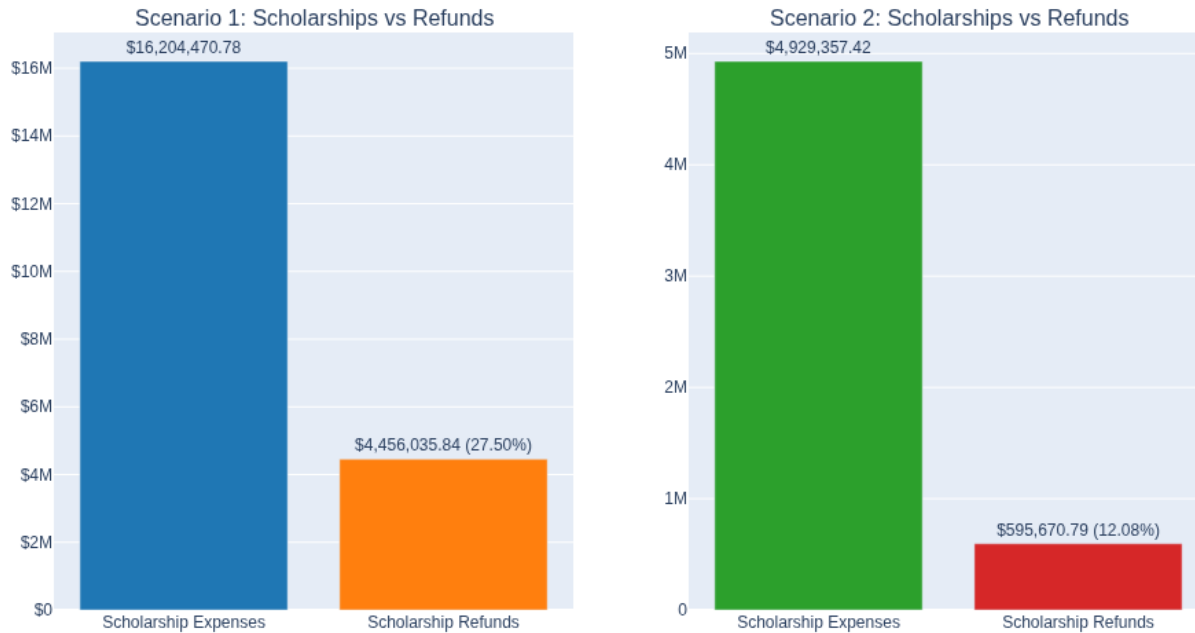
- *27% of our scholarships came back to us in refunds*
- *200+ checks processed by the EA, Awards and Finance teams*
- *Scholar data typically given when refunds received – some refunds are from prior academic years*

**Reflects when WSOS came on board with the Foundation*

Scholarship reimbursement model results in fewer refunds and more timely data

Now: Colleges confirm enrollment at the census day then we send disbursement college by college. Refunds have been minimal.

Side-by-Side Comparison of Scholarship Expenses and Refunds with Percentages



June – Nov 2025

- *Refunds make up 12% of scholarships*
 - *Nearly all are for terms prior to the reimbursement model*
- *~60 refund checks YTD*
 - *Only 4 from Nov (~20 last Nov)*
- *Updated scholar data before each disbursement*

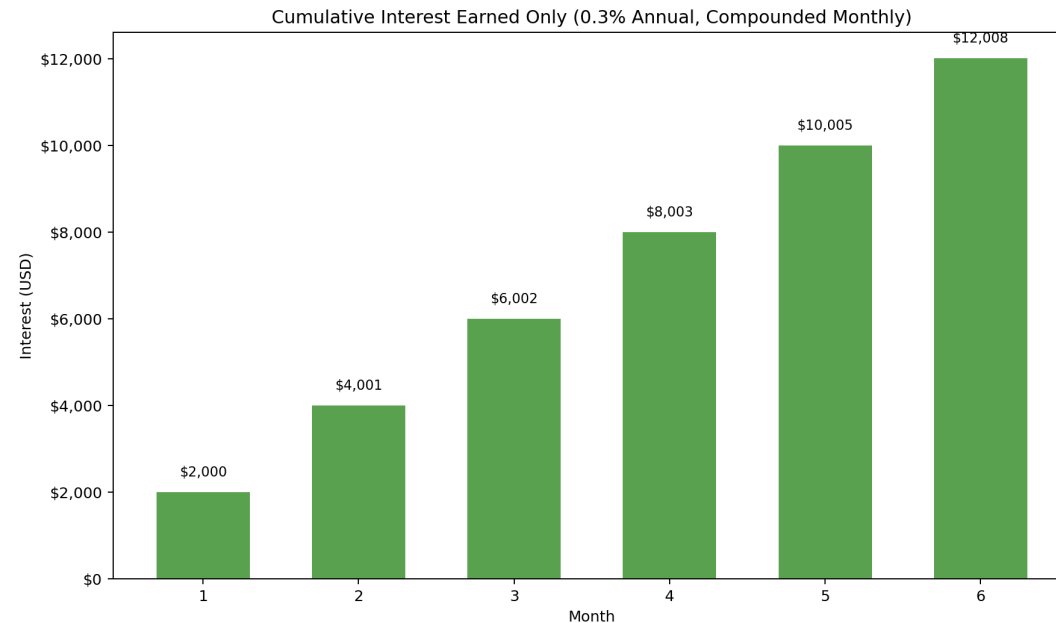
Iterate-to-great, how we continuously improve the process

- Some colleges and universities needed more support to complete the process
 - Awards team created a Financial Aid Advisory Committee
- Increase volume of processing individual transactions
 - This does allow for more oversight and accuracy
 - Requires close coordination between Finance and Awards
- Forecasting cash flow process needs to be adjusted
 - Refunds are now built into the net disbursement, so lower cash flow is needed in the bank and more can be deposited to WSIB

Intermediary investment strategy needed for strong returns

Formal proposal for a Money Market Investment account coming for next meeting

Interim – business savings account = 1 CTS Scholar in 6 months



Budget-to-Actuals trending positively, variance due to timing of scholarship disbursements

Washington State Opportunity Scholarship

	Budget to Actuals 07/01/2025 - 09/30/2025				
	Annual Budget	YTD Budget	YTD Actual	Actual minus YTD Budget	
Revenues					
Private, Corporate, Foundation	6,245,000	2,503,000	2,692,137	189,137	
City - Promise			600,000	600,000	Renton and Tukwila Promise Pledges
State Match	6,245,000	900,000	2,968,109	2,068,109	Keeping pace with contributions
Investment Income	2,602,200	650,550	4,541,891	3,891,341	Investments performing higher than budget
Total Revenue	15,092,200	4,053,550	10,802,138	6,748,588	
Program Expense					
Salaries and Benefits	3,846,487	960,417	772,034	(188,383)	Variance from timing of payroll cycles
Professional Fees - Program Administrator Fees	1,519,032	379,758	379,758	0	
Professional Fees - Contractors & Lobbying	499,504	123,001	45,618	(77,383)	
Conferences, Conventions & Meetings	151,970	23,485	14,227	(9,258)	
Operating Expense	513,122	113,852	95,668	(18,184)	
Scholarship Expense less refunds	18,972,422	6,096,067	411,285	(5,684,782)	Variance from timing of reimbursement model shift
Total Expenses	25,502,537	7,696,581	1,718,591	(5,977,990)	
Net Income (Loss)	(10,410,337)	(3,643,031)	9,083,547	12,726,578	

WSOS Balance Sheet

Washington State Opportunity Scholarship

Balance Sheet as of September 30, 2025









	Quarter Ending	Quarter Ending	Period difference	
	06/30/2025	09/30/2025		
	Prior QTR	Current QTR		
Assets				
Current Assets				
Cash and Cash Equivalents	3,782,880	8,050,068	4,267,188	
Unbilled State Match Revenue	0	6,787,664	6,787,664	New FY26 apportionment held at WSAC 7/1/25
Pledges Receivable	12,059,856	12,478,078	418,222	New Promise receivables from Tukwila and Renton
Refunds Receivable	375,847	0	(375,847)	
Allowance for Doubtful Accounts	316,279	316,279	0	
Total Accounts Receivable, Net	12,119,424	18,949,463	6,830,039	
Prepaid Expenses	94,820	62,028	(32,792)	
Long-term Assets				
Equipment, Lease ROU	67,777	65,166	(2,611)	
Long Term Investments	105,632,167	110,168,297	4,536,130	Investments performing well over the last quarter
Total Assets	121,697,068	137,295,022	15,597,954	
Short-term Liabilities				
Accounts Payable	152,929	9,678	(143,251)	
Accrued Liabilities	233,464	103,458	(141,372)	
Deferred Revenue	0	6,787,664	6,787,664	Offset for unbilled state match
Long Term Liabilities				
Lease ROU	42,176	42,175	0	
Total Liabilities	428,569	6,942,975	6,514,407	
Net Assets				
Net Assets	133,544,272	121,268,500	(12,275,773)	
Change in Net Assets	(12,275,773)	9,083,547	21,359,320	
Total Net Assets	121,268,499	130,352,047	9,083,547	
Total Liabilities and Net Assets	121,697,068	137,295,022	15,597,954	

WSOS Cash Flow

9/30/2025

	Inception to reporting Date		
	Scholarship	Endowment	Total
CASH FLOW			
Cash Inflow:			
Corporations	79,696,185		79,696,185
Foundations	29,839,699		29,839,699
Individuals	26,815,530		26,815,530
Other Private	1,738,910		1,738,910
State Match	136,064,997		136,064,997
State Implementation Funds	500,000		500,000
Investment Income*	47,923,667	9,756,713	57,680,380
Total Cash Inflows	322,578,988	9,756,713	332,335,701
Cash Outflow:			
Scholarships	165,251,299		165,251,299
Program Expenses	48,859,505	6,532	48,866,037
Total Cash Outflows	214,110,804	6,532	214,117,336
Net Change to Cash	108,468,184	9,750,181	118,218,365
Composition of Net Cash Flow			
Chase Checking Account	8,050,068	-	8,050,068
Investment Accounts at WSIB	100,418,116	9,750,181	110,168,297
Total	108,468,184	9,750,181	118,218,365

By the end of the 2025-26 academic year, WSOS will have disbursed more than **\$186 million** to Scholars across our scholarship programs.*

Baccalaureate Scholarship / BaS	 3,880 Current Scholars	 10,095 Graduates to Date
Career & Technical Scholarship / CTS	 1,592 Current Scholars	 2,159 Graduates to Date
Rural Jobs Initiative / RJi	 131 Current Scholars	 211 Graduates to Date
Graduate Degree Scholarship / GRD	 45 Current Scholars	 40 Graduates to Date

*Taken from this year's [Legislative Report](#) published Dec 1, 2025

Tab E

- **WSOS Program Update**

Program Update

Isabel Muñoz-Colón
Exec. Director,
WSOS

- The major that leads to that occupation must be offered as a bachelor's degree from at least one Washington institution

Based on these criteria, 9 new programs were added to the list from the previous cycle.

- Energy & Environmental Policy
- Environmental Design/Architecture
- Special Education and Teaching
- Engineering/Industrial Management
- Computational and Applied Mathematics
- Mathematical Economics
- Data Analytics, General
- Accounting
- Accounting Technology/Technician and Bookkeeping

To review the entire list, please see our website of [BaS Eligible majors](#).

CAREER & TECHNICAL SCHOLARSHIP (CTS)

The Career & Technical Scholarship (CTS) Cohort 7 winter/spring application closed in October with 1,232 completed applications, the highest number received during this cycle. A summary of the winter/spring CTS and RJI recipients is available in the Board materials, specifically in Tab E.

During the acceptance application open period, the Awards team introduced a virtual orientation designed to answer Scholars' questions, clarify expectations, and provide guidance on maintaining their scholarships. This initiative was met with significant success, as Scholars found the sessions helpful in understanding the requirements and navigating their programs. The orientation's positive impact has prompted the Awards team to reevaluate their content and resources to enhance clarity about scholarship programs further. Given this success, the Awards team will now offer these live virtual orientation sessions every cycle for all scholarship programs, ensuring continued support and transparency for future cohorts.

GRADUATE SCHOLARSHIP (GRD)

The Graduate Scholarship (GRD) Cohort 6 recruitment will begin on March 17 and close on May 12. During this meeting, the team will request a board vote on the GRD selection model, which aims to select applicants who are:

- Likely to practice in a Washington State Medically Underserved Area (MUA) or Health Professional Shortage Area (HPSA) post-program completion

- Most likely to benefit from the financial support
- Heading into behavioral and primary health care fields across Washington state

To see the full GRD selection guidelines, see Tab E.

FINANCIAL REIMBURSEMENT PROCESS UPDATE

This past fall, the Awards team implemented a new financial reimbursement process. Under the updated procedure, colleges verify eligibility and enrollment status in advance, rather than WSOS sending scholarship funds prior to confirmation. The successful transition to this process was made possible by the dedicated efforts of our Awards Coordinator, Elaina Rogers, as well as the Data & Systems, and Finance teams.

A key achievement was the development of a new financial aid portal, enabling colleges to report changes in Scholar enrollment and ineligibility more efficiently. Comprehensive training and one-on-one support for college staff further enhanced understanding and use of the system. Most significantly, this initiative led to a notable reduction in the number of refunds issued due to overfunding students — only 12% of funds were refunded compared to 27.5% the previous year. Many of the refunds processed pertained to prior academic years; to date, only four refunds have been received for the current fall term.

To ensure continued effectiveness, the Awards team established a Financial Aid Advisory Committee comprising 13 representatives from diverse institutions, including two-year community colleges, four-year private universities, public colleges, and other institutions. This committee provides valuable feedback on the new process and related policies. One of the main suggestions from the group was to create a comprehensive financial aid manual, which is currently under development and is expected to be completed by year-end. The committee will convene two additional times this academic year, and initial feedback has been overwhelmingly positive. Colleges have expressed appreciation for the increased support provided to their institutions and students, as well as the strengthened relationships and trust between financial aid offices and WSOS.

Scholarship Highlights:

	BaS	CTS/RJI	GRD	Total
Total Actual Disbursed 2012 – Present	\$142,994,466	\$25,947,834	\$1,535,276	\$170,477,575
Scholars Enrolled 2025-26	3,880	2,096	45	6,021

SCHOLAR PROGRAMS UPDATE

We are almost to the midpoint of the 2025-26 Academic Year and Scholar programming for both CTS and BaS Scholars is underway. We have noticed lower engagement than usual across some of our programming this year, a trend that we’ve heard echoed from post-secondary partners. This could be due in part to greater uncertainty in the higher education and early careers landscape. We are looking for ways to further refine our programming and provide Scholars with the resources they need during this time.

BACCALAUREATE SUPPORT SERVICES

Our BaS Scholar Leads report on Scholar engagement several times a year. In our first two engagement checks, Lead data revealed that approximately 25% of Scholars have engaged with their Leads, compared to historical engagement rates of 60–70%. Additionally, we are seeing a notable increase in Scholar inquiries about alternative funding sources. Many Scholars have experienced disruptions to other forms of aid, prompting questions about how to bridge financial gaps. Our team is actively assessing these concerns and exploring ways to provide guidance and resources that address evolving financial needs. These insights will inform both our short-term support strategies and long-term planning to maintain Scholar persistence and success. We are also working closely with the Awards team to strengthen collaboration and ensure Scholars receive timely, critical scholarship information.

The recent Skills that Shine recruitment cycle concluded with 112 Scholar-mentor matches, which is significantly lower than our typical range of 300–350. To address this gap, we plan to reopen matching in January for a condensed three-month program, ensuring Scholars still have access to meaningful mentorship opportunities this academic year. In addition to mentorship, we have hosted eight Industry Insider events, both virtual and in-person, with over 150 Scholars participating. We anticipate hosting an additional 5-7 events before the end of the academic year, continuing to provide Scholars with direct exposure to industry professionals and career pathways.

Beyond events, we are actively sharing a wide range of resources to support Scholar success. These include access to SocialTalent’s online learning platform, free Microsoft 365 accounts, a complimentary week-long job search bootcamp led by a career coach, and free CodePath courses for computer science and IT Scholars. With 480 active users so far this year, our curated job board remains a valuable tool for connecting Scholars to internships, job opportunities, and unique WSOS offerings.

CAREER AND TECHNICAL SUPPORT SERVICES

Since implementing changes to the CTS Scholar Lead program, we have also refined how we track Scholar engagement. Scholar Leads now meet biweekly with CTS Advisors to discuss successes, areas for additional support, and specific Scholars who may need extra assistance. This real-time feedback loop ensures we can respond quickly to both Scholar and Lead needs. Leads also log interactions with their caseloads, and since September, they have submitted over 200 responses, outpacing engagement last year. Feedback on the new structure has been overwhelmingly positive, with Leads reporting stronger connections with Scholars and feeling more supported. We also host quarterly Scholar Lead All Hands meetings to foster community, share upcoming priorities, and review WSOS content. While two Leads resigned for personal reasons, our intentional approach to maintaining a warm waitlist allowed us to immediately fill both positions, keeping our total at 10 Leads.

We are actively preparing to launch the CTS Skills that Shine program on the MentorCity platform, which will provide a seamless experience for Scholars and mentors to sign up, create profiles, and schedule meetings in one place. The CTS Program Manager meets weekly with MentorCity to ensure the platform meets our needs, and recruitment for Scholars and mentors will begin in the new year. The program will run from March 2 through April 30, supported by cross-team collaboration to align processes and recruitment strategies with program goals. In addition, we continue to engage Scholars through four monthly newsletters segmented by industry, sharing program updates, WSOS reminders, and resources to support academic and personal success. Our current average open rate is 77%, and click rate is 17%, both well above industry standards.

ADVANCEMENT UPDATE

REVENUE TARGETS

As of December 12, 2025, we have raised \$48,512,552 of our \$75M campaign goal. Year-to-date, we have raised \$2,150,936 in new contributions.

This includes receiving a \$1.5M technical operating grant from the Ballmer Foundation, \$155k from Microsoft as a recipient of their October Giving month auction, \$100k renewal from Costco, as well as notable gifts from new partners like T-Mobile (\$20k), Google (\$25k), and \$25k from a new major donor.

While not yet reflected in our revenue totals, we were also approved for a 3-year capacity building grant from the M.J. Murdock Foundation for \$252,695. This win represents the largest non-Cornerstone project grant that WSOS has received.

DONOR RETENTION AND ACQUISITION

In addition to raising revenue, the campaign's goal is to ensure stronger donor retention and broaden our scope of supporters. Key metrics we are tracking on these measures are as follows:

	YTD (as of 12/10/2025)	2025-26 AY goal
Donor retention 2024 to 2025	7%	45%
Donor loyalty	10	60
\$25k to \$1M gifts secured AY 2026	6	20

COMMUNITY ENGAGEMENT AND EVENTS

During the fall, Isabel and the Advancement team participated in a series of strategic events to cultivate new partnerships and enhance organizational visibility. The team sponsored and attended the Seattle Metropolitan Chamber Regional Leadership Conference and the Association of Washington Business Policy Conference in Spokane. Isabel also traveled throughout Washington, meeting partners and prospective donors in Spokane, Yakima, Wenatchee, and the Tri-Cities.

In October, Terri Standish-Kuon, President of the Independent Colleges of Washington (ICW) and Campaign Steering Committee member, graciously hosted the team at the ICW board meeting. Isabel presented about WSOS and engaged with Board members and Presidents, expanding our visibility across the state and connecting with influential leaders.

Additionally, WSOS hosted 30 guests for an end-of-year appreciation event at the Rainier Club on December 3 to honor WSOS and WSOSF Board members, Campaign Steering Committee members, and major donors for their contributions. The event provided an opportunity to express gratitude and strengthen relationships with key supporters.

Please remember to save the date for our annual fundraising luncheon, Opportunity Talks at the Sheraton Grand in Seattle on Monday, May 11, 11:30-1pm.

EXTERNAL AFFAIRS UPDATE

To date, WSOS has met with 17 different legislators ahead of the 2026 session, with several more meetings with legislators, key staff, and policy partners planned or scheduled. We have moved 12 members into our newly defined "champion-building" pipeline, allowing us to track and measure our relationships and strategy with each member, prioritizing leadership in committees important to WSOS. Our goal is to deepen relationships with 29 total members this academic year, while also securing our state match and the remaining \$2.2 million in state match appropriations from FY 2023.

Our PR goals are on track with a little over half of our media placements secured, half of our leadership appearances complete, and a fifth of the ED appearances done. Securing additional speaking engagements for Isabel will be a top priority in 2026. We send a big thank you to Board members Patrick Smith and Beth Johnson who worked with our team to secure op-eds in the [Yakima Herald](#) and [Puget Sound Business Journal](#).

PROMOTION

The Career Technical Scholarship (CTS) application for winter/spring reached a record-breaking 1,233 total applicants, however, missed our goal of 1,274 by a mere 41 applicants. New partnerships continue to bolster high, and diverse applicant totals. For example, recently developed partnerships with two apprenticeship providers resulted in first-ever participation from Evergreen Rural Water with four total applicants and the highest total ever from AJAC at 29.

DIGITAL MARKETING AND MEDIA COVERAGE

Org Outcomes	Starting audience as of 7/1/24	Current as of 12/1/25	End of academic year goal 6/30/26	Progress towards goal
WSOS media mentions	0	16	33 earned media pieces	48% of goal
ED/Directors appearances in articles, panels, speaking	1/0	3/15 for ED and 4 of 7 for leadership	15 for ED and 7 for other leadership	20% for ED and 57% for leadership

Facebook audience	4,481	4,550	4,589 (111 new followers)	99.13% of goal
LinkedIn audience	2,709	3,459	2,903 (279 new followers)	119.15% of goal
Instagram audience	1,314	1,695	1,374 (73 new followers)	123.36% of goal
Total social media	8,504	9,704	8,866 (463 new followers)	109.45% of goal

TOP PERFORMING POSTS:

Instagram:



Paid campaign: “Focus on your future, we’ll help cover the cost. The Career & Technical Scholarship application opens tomorrow — and it could be your path to a high-demand career in health care, IT, or the trades. 💰 Up to \$1,500 per quarter, every quarter 📅 Use on tuition, tools, transportation ⏱ < 60 minutes to apply View the link in our bio or comment below to learn more about how you or someone you know can apply!”

LinkedIn:

Washington State Opportunity Scholarship
 July 25, 10:40 AM

Cheers to four incredible years, [Lauren Pack!](#) 🎉

We're celebrating Lauren's work anniversary and all the ways she strengthens the WSOS team — from leading with thoughtfulness and empathy to helping us stay focused and aligned. Her ability to balance strategy and positivity makes a lasting impact on every project.

"Happy 4-Year Anniversary at WSOS, Lauren! It's been such a joy watching you grow into a leader at WSOS. You bring humor and heart to everything you do — and you always know how to keep things fun for the team. I also really appreciate your organization and project management skills. You keep things moving forward with clarity and care, and it makes a big difference. Big congrats again on earning your Salesforce certification this year—such a fantastic milestone! So glad to have you on the team and excited to see what's ahead in year five!" — Camille Reynaud



Impressions	692	Engagements	47
Organic engagement ⓘ		47	
👍	13	👏	9
❤️	0	💡	5
👤	0	🗨️	0
👍 Reactions	27		
🗨️ Comments	3		
↻ Reposts	0		
Organic clicks ⓘ		17	
View all analytics			

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

Washington State Opportunity Scholarship
August 12, 01:00 PM

Interested in learning more about AI and a career in tech? Take a look at [CodePath's](#) free fall courses, ranging from beginner to advanced, geared towards current Computer Science students. These courses are developed by software engineers and designed to prepare students for a successful career in tech. Info sessions are on August 13 and 21, and the application deadline is August 24!

*TIP: Make sure to select "Washington State Opportunity Scholarship" from the drop-down list on the application here: https://hubs.li/Q03B2qt_0



Impressions	271	Engagements	20
Organic engagement		20	
👍	7	👏	1
💡	0	🤔	0
👍 Reactions	8		
💬 Comments	0		
🔄 Reposts	1		
Organic clicks	11		
View all analytics			

Facebook:



Washington State Opportunity Scholarship

August 7, 01:00 PM

“Giving back as a mentor required me to articulate my job function, professional goals, and my company’s vision. Mentorship requires you to reflect and have thoughtful discussions, which promotes self-growth. It feels good knowing you are a valuable role model.” — Mason, Skills that Shine mentor, engineer

Serve as a mentor through Skills that Shine and support the next generation of STEM and health care leaders! It’s a meaningful way to give back while growing in your own career. Learn more and sign up through the link in our bio!



Reach	Engagements
4.42K	132

Engagements ⓘ						132
15	4	0	0	0	0	

	Reactions	19
	Comments	1
	Shares	0
	Link clicks	89
	Other clicks	23

[View all analytics](#)
820 post impressions over the past week

PROGRAM ADMINISTRATOR UPDATE

FINANCE

The Finance team was largely focused on the financial audit this quarter. They have been working with the firm, Clark Nuber, who has audited the WSOS program with WA STEM and is currently engaged with 501 Commons to complete their 2023/2024 audits. The Finance team worked closely with the Program and Foundation on establishing the first-year audit documentation. This included lengthy internal control documentation, significant testing of our scholarship expenses and refunds, revenue recognition, payroll, and beginning balances incoming from 501 Commons. The update to how we recognize the scholarships (conditional vs unconditional as shared at the last meeting) simplified the incoming balances and overall audit testing areas, lowering the risk on inaccurate financial reporting. All testing has passed!

As the team has settled into understanding the monthly cycles, the month-end close process has greatly improved, leading to more timely budget reporting. Additional systems and tools have been developed to support internal trade-offs in the budget as well as clarity on the intention behind each budget line. This improved transparency has given the Finance team and budget holders insights into their spending and how to improve the budget process.

As described by the Awards team, the new reimbursement process for scholarship disbursement began this fall. We set a goal to process all disbursement requests within 5 business days — and processed over 160 requests, 100% within our goal processing time. Elaina Rogers, from the Awards team, and Jennifer Weaser, from the Finance team, were instrumental in making the process as streamlined as possible.

HUMAN RESOURCES

The HR team has been working hard this past quarter. Thanks to the approval of the budget from the Board this summer, we were able to implement the market survey compensation adjustments, bringing our salaries into highly competitive alignment in our region. Approximately 60% of staff received an increase related to the new market data. Additionally, we prepared a total compensation presentation in partnership with the Program Executive Director to educate staff about the value of the myriad components of the organization's salary and benefits package and its philosophy related to compensation.

This year was a markedly difficult open enrollment period. Historically high year-over-year increases in overall health insurance costs were seen across the market. We evaluated multiple options to minimize the financial impact on staff and the organization while maintaining comprehensive coverage. Ultimately, we changed our base plan with a higher deductible and out-of-pocket maximum that maintained a \$0 employee contribution for self-only participation and introduced a "buy-up" option where staff could pay the difference to remain on the same plan offered in 2025 for the coming year. By adjusting the base plan offered, we were able to mitigate the initially quoted 22% increase 2025 to 2026 down to 12%. Recognizing the impacts on staff, we engaged our broker to support staff individually in coverage comparisons, hosted an all staff meeting to discuss the changes, and offered an optional Q&A session.

IT/DATA & SYSTEMS

With support from the Ballmer Group Technical Operating Support grant awarded in October, we have launched the North Star Scholar Management System project. This initiative will modernize and re-platform our Scholar database from Caspio to our existing CRM, enhancing scalability, reliability, and the overall experience for Scholars, partners, and staff. By reducing operational friction, eliminating workarounds, and strengthening data capabilities, the project will enable deeper insights into outcomes such as persistence, credential attainment, and employment. Ultimately, this investment establishes a

stable, maintainable foundation for our core program operations. Successful implementation will require active participation and collaboration from all internal stakeholders.

We've also begun working with Dynamic Computing, a Pacific-Northwest-based managed IT services company, on a Foundational IT Audit. This audit will help us get a clear picture of our technology environment by cataloging hardware, software, and systems, identifying redundancies, security vulnerabilities, and compliance gaps. When complete, we'll receive actionable insights to help us improve efficiency and better manage risk.

Legislative Report & Strategic Plan Updates: Implications for F&I

- The 2025 WSOS Legislative Report provides the strongest, most comparative data we've ever had on affordability, completion, and workforce outcomes
- We are finalizing our theory of action and outcomes in the next month and then turning to development of specific strategies.
- Together, these inform future conversations with Finance and Investment Team regarding staying within our financial constraints while maximum return on investment.

2025 Legislative Report Overview

Over 5,500 current scholars statewide;

- 58% are women
- 68% are first-generation college students
- 62% are students of color
- Scholars represent every legislative district and county in Washington

12,505 graduates to date

- BaS: 10,095
- CTS: 2,159
- RJI: 211
- GRD: 40

\$186 million disbursed to scholars by the end of the 2025-26 academic year

2025 Legislative Report

Affordability + Graduation

Expanded access to data enabled us to see impact:

- WSOS lowers costs, making credentials more affordable for BaS and CTS
- Graduates are employed in STEM careers, and BAS scholars are earning higher wages
- BaS recipients are 29% more likely to complete a high-demand program than peers
- Scholars are staying in the state (9 in 10), and most (75%) are still living in their home county

But there is room for improvement:

- Rural BaS recipients have highest costs, across all metrics
- Rising unmet need and out-of-pocket costs, especially for CTS recipients
- CTS recipients and their peer group have the same high-demand credential rate (90%)

These gaps present opportunities for targeted support, deeper analysis, and strategic investment

Strategic Planning Process Update

Phase I – Research and Engagement Complete

- Between September and October 2025, Education First conducted research and extensive stakeholder engagement to inform the WSOS next strategic plan.
- Over 50 Stakeholders engaged including scholars and alumni, K-12 and postsecondary partners, education and workforce partners, regional network leaders, and staff and members from both boards.

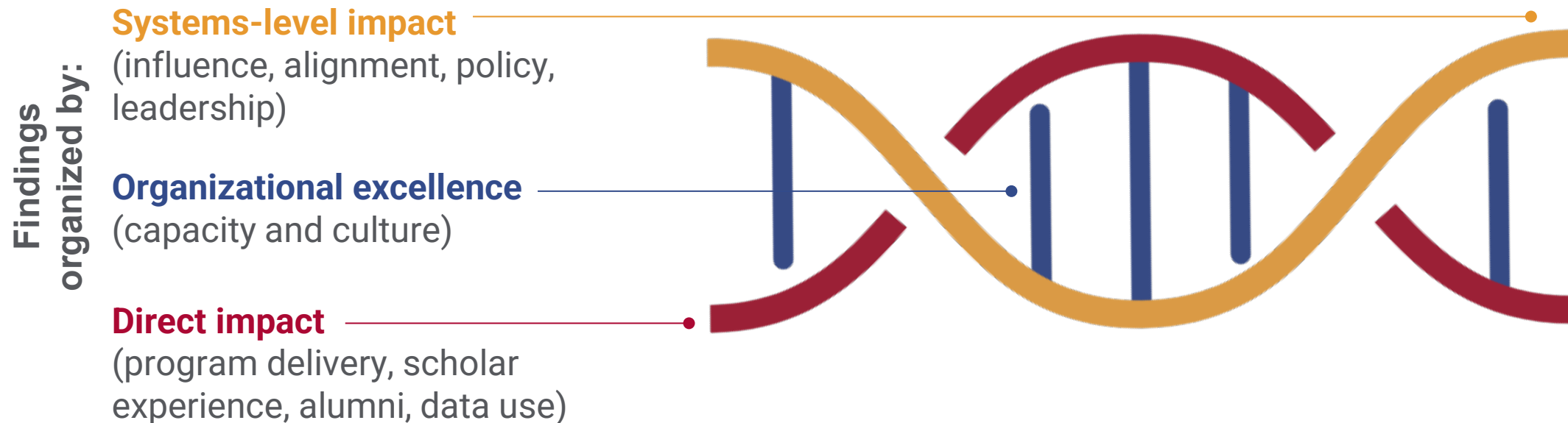
WSOS Program and Foundation Director Team have begun to do sensemaking of the data.

Currently: Defining our organization impact and outcomes and drafting a theory of change.

The pages that follow elevate different ways stakeholders understand the current WA ecosystem and envision WSOS continuing its legacy of impact as it looks to 2026 – 2030

Upcoming Questions for WSOS Board & F&I Committee:

1. Do we scale scholarships? If so, do we scale as-is?
2. Do we adjust award structures to maintain real purchasing power for scholars?
3. Do we rebalance investments toward deeper scholar supports?



Upcoming F&I Committee Meetings

2026 WSOS F&I Committee Meeting Schedule

Q1 2026: Friday, March 6, 2026 | 10:00 a.m. – 11:30 a.m.

Q2 2026: Wednesday, June 17, 2026 | 9:30 a.m. – 11:00 a.m.

Q3 2026: Thursday, September 17, 2026 | 10:00 a.m. – 11:30 a.m.

Q4 2026: Tuesday, January 5, 2027 | 1:30 p.m. – 3:00 p.m.