

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.



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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

Clark Nuber P.S.

Certified Public Accountants
January 6, 2026

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>

See accompanying notes.

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

See accompanying notes.

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 (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:

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

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	<u>66,714,872</u>
Total Investments	<u>\$105,632,167</u>

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	<u>\$1,794,848</u>	<u>\$103,837,319</u>	<u>\$ -</u>	<u>\$105,632,167</u>

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:

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

Note 6 - Net Assets With Donor Restrictions

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

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

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:

For the Year Ended June 30,	<u>Financing</u>	<u>Operating</u>
2026	\$ 2,766	\$ 38,500
2027	948	
2028	<u>158</u>	
Total undiscounted cash flows	3,872	38,500
Less present value discount	<u>(68)</u>	<u>(128)</u>
Total Lease Liabilities	<u>\$ 3,804</u>	<u>\$ 38,372</u>

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

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

Supplemental cash flow related to leases as of June 30, 2025 was 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 were as follows for the year ended June 30, 2025:

	<u>WSOS - Foundation</u>	<u>WSOS - Program</u>	<u>Total</u>
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:

	<u>WSOS - Foundation</u>	<u>WSOS - Program</u>	<u>Total</u>
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	<u>\$ 29,644</u>	<u>\$ 12,218,583</u>	<u>\$ 12,248,227</u>

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 January 6, 2026, 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.