

WASHINGTON STATE
OPPORTUNITY
 SCHOLARSHIP

**FINANCE & INVESTMENT COMMITTEE MEETING AGENDA
 MARCH 6, 2026, 10:00 AM PST
 REMOTE**

To join virtually: click on the Microsoft Teams link in meeting invitation. To join by phone dial +1 (332) 249-0607.

I.	Meeting Called to Order		Patrick Smith Board Member Committee Chair	10:00am
II.	Approval of Minutes from Jan 6, 2026 Meeting	[Tab A]	Patrick Smith Board Member Committee Chair	10:00- 10:05am
III.	WSIB Quarterly Performance Report	[Tab B]	David Schumacher WSIB	10:05- 10:20am
IV.	State Match Appropriations Process		Jessica Monger External Affairs Director Melissa O’Keefe Comptroller	10:20- 10:40am
V.	WSOS Program Administrator Update » Financial Policies and Procedures » Money Market Savings » Renew Jess Peet’s seat	[Tab C]	Melissa O’Keefe Comptroller, WSOSF	10:40- 11:00am
VI.	Program Update » Strategic Planning Update » O-Talks	[Tab D]	Isabel Muñoz-Colón Exec. Director, WSOS Camille Reynaud Managing Dr of Advancement	11:00- 11:20am
VII.	Executive Session (if needed)		Patrick Smith Board Member Committee Chair	11:20- 11:30am
VIII.	Meeting Adjourned		Patrick Smith Board Member Committee Chair	11:30am

Committee Questions for Consideration:

- What questions do you have about our State Match Appropriation process?

Tab A

Meeting Minutes from 1.6.2026

**FINANCE & INVESTMENT COMMITTEE MEETING MINUTES |
TUESDAY, JANUARY 6, 2026, 2:00 P.M. – 3:30 P.M.**

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

Members not present: All present

Other Attendees on Teams: Isabel Muñoz-Colón, Kimber Connors, Johnathan Luster, Grace Park, Melissa O’Keefe, Giuliana Franco, David Schumacher, James Abner, Matt Gay, Kelly Rancourt, Madeleine Bergeron-Edasi, Lyanne O’Connell

Meeting Called to Order

Patrick Smith called the Washington State Opportunity Scholarship (WSOS) Finance and Investment Committee (F&I) meeting to order at 2:02 p.m.

Approval of Minutes

Patrick Smith proceeded to the first order of business, which was to approve the minutes from the 08/28/2025 meeting.

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

Clark Nuber Audited Financials

Melissa O’Keefe, Comptroller, introduced the Clark Nuber auditors, Kelly Rancourt, CPA and Madeleine Berferon-Edasi, CPA, CIA. Rancourt stated that Clark Nuber has worked with the WSOS program for several years and served as the Foundation’s inaugural audit for the fiscal year ended June 30, 2025. The auditors expressed appreciation for management’s collaboration and noted the significant effort required for a first-year audit.

Rancourt reviewed the purpose and scope of a financial statement audit, explaining that the audit provides reasonable assurance that the financial statements are free from material misstatement, using a risk-based approach. Audit planning included gaining an understanding of the Foundation’s operating environment, meeting with management and Board representatives, assessing internal controls, and identifying areas of higher risk. Rancourt handed off to Madeleine Berferon- Edasi to dive further into the specifics. Berferon- Edasi stated that key audit focus areas included revenue recognition (particularly contribution revenue), management override of internal controls (a presumed significant risk), and the transfer of the WSOS program into the Foundation. The auditors also reviewed standard not-for-profit financial statement estimates, including valuation of pledges and receivables, fixed asset lives, and functional expense allocations.

The auditors reported that the audit resulted in an unmodified (clean) opinion, indicating that the financial statements are materially correct in accordance with generally accepted accounting principles. No material weaknesses in internal controls or information systems were identified. There were no uncorrected misstatements. Berferon- Edasi stated there were a few auditor-proposed adjustments, including a \$5,000 adjustment related to the net asset roll-forward associated with the program transfer, approximately \$9,000 to properly accrue current-year expenses, and approximately \$46,000 related to the gross presentation of prepaid expenses and associated liabilities, described as a system-related

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item. The auditors noted that the number and nature of these adjustments were typical and especially favorable for a first-year audit. The auditors thanked the WSOS team. Rancourt addressed the transfer of the WSOS program from 501 Commons and the concerns about the information the Foundation received, if it proved to be inaccurate after an audit. Rancourt explained that while audits for the prior entity still describe historical periods, Clark Nuber performed testing on significant transferred balances, including investments and contribution collections, and expressed confidence in the information received. Any future information identified from the prior entity's audits would be reflected prospectively rather than requiring restatement. Rancourt opened the floor for questions. Patrick Smith asked, clarifying questions regarding the status of related audits at 501 Commons. The auditors clarified that they were, in fact, conducting the audits at 501 Commons; however, without 501 Commons' approval, they were subject to confidentiality limitations.

Clark Nuber emphasized their role as an ongoing partner to the Foundation and encouraged Committee members and management to use them as a resource, particularly with respect to new accounting standards, technical guidance, and training opportunities. While upcoming standards are not expected to have a significant impact on the Foundation, the auditors summarized them for awareness. Rancourt also included information relevant to enterprise risk management, including reference to a third-party study conducted by Protiviti that surveys C-suite leaders across nonprofit, private, and public organizations regarding top organizational risks. The auditors noted that this study may serve as a useful starting point for risk assessment discussions at the Committee or Board level.

Committee members were invited to reach out to the engagement team with any questions or for additional support. At the Committee's request, the auditors agreed to provide a copy of the presentation slides for recordkeeping and distribution to Committee members. (The auditor slides are included as supporting documents to the meeting minutes. Please see supporting documents attached.) The auditors concluded by commending management and staff for their work and noted that a concise audit presentation is generally a positive indicator. No further questions were raised by the Committee.

WSIB Quarterly Performance Report

David Schumacher, Government and Public Affairs Director at Washington State Investment Board (WSIB), presented the investment performance report next. Schumacher reported that the scholarship account portfolio, allocated approximately 30% to equities and 70% to fixed income, achieved a return of just over 9% for the trailing 12-month period. The endowment account reported a return of approximately 15% for the same period. He noted that while quarterly data is provided, WSIB encourages a longer-term perspective due to short-term market volatility. Schumacher provided a broader capital markets context, noting that equity markets, including the S&P 500, have continued to reach record highs. He emphasized WSIB's long-term, diversified investment approach, which does not attempt to time the market or select individual winners or losers. He also noted current macroeconomic conditions, including unemployment at approximately 4.3% and inflation at approximately 3%, both of which remain relatively stable compared to recent years.

Schumacher included a review of the growth of the four WSIB-managed accounts over time, noting structural differences among the accounts. In particular, the endowment fund's asset allocation differs from the other accounts due to its long-term investment horizon and programmatic purpose. Schumacher reviewed asset allocation details across the four funds, highlighting that the endowment account has a significantly higher equity allocation relative to the others. Equity investments are managed passively by BlackRock, while fixed income investments are actively managed by WSIB staff in Olympia. He confirmed that all portfolios remain within their established target allocation ranges,

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defined as plus or minus 5% from target, and noted that WSIB periodically rebalances portfolios in a cost-conscious manner. Performance results were further reviewed by asset class: equity investments produced higher but more variable returns, while fixed income provided lower, more stable returns. Schumacher emphasized that the balance between these asset classes is determined collaboratively by WSIB and Foundation staff to align with the Foundation's long-term objectives.

Bo Lee, Committee member, asked about the allocation between domestic and international equities across the WSIB-managed funds, noting differences in performance in 2025 and comparisons to global equity indices. Schumacher responded that he did not have the specific allocation breakdown available at that moment but noted that an upcoming slide would show returns by category. He offered to follow up with additional details to address the question more fully. Lee also asked about WSIB's outlook and positioning for 2026, noting that equity allocations were near the upper end of their target range, while fixed income allocations were closer to the lower end. She inquired whether WSIB anticipated any rebalancing decisions in response to market conditions. Schumacher explained that WSIB regularly and gradually rebalances portfolios, not to time the market, but to align with client needs and long-term investment objectives. He noted that when one portion of a portfolio grows significantly, it naturally becomes out of balance, reflecting strong returns rather than a concern. Over time, WSIB works to rebalance portfolios in a measured and cost-conscious manner to bring allocations back toward target ranges. Patrick Smith further asked whether cash inflows or outflows during the fourth quarter, such as donor receipts, state funding, or scholarship disbursements, could influence rebalancing decisions, particularly whether equity holdings might be used as a source of liquidity. Schumacher confirmed that cash movements are considered part of portfolio management and that withdrawals may be structured in a way that supports rebalancing objectives. He emphasized that some deviation from targets is expected and is continuously monitored, and that the current positioning did not represent a concern.

Schumacher referenced a slide illustrating investment return by asset class that he had discussed earlier with Bo Lee, noting that while the chart does not provide allocation percentages by category, it shows performance trends. He explained that the first three categories represent equity markets—U.S., non-U.S., and global—which have experienced strong performance over the past several years. The credit markets, shown separately, also demonstrated solid, though more stable, returns, consistent with expectations relative to equities. Schumacher confirmed that he would follow up with additional information on domestic, international, and global equity allocations and would provide it to staff for distribution to the Committee. Smith shared additional context during the discussion - a link to an MSCI index fact sheet was referenced in the meeting chat, which includes country weights, sector weights, and top holdings. As of the most recent publication, U.S. equities accounted for approximately 62.75% of the referenced global index. Committee members expressed interest in receiving further details on how equities are allocated across domestic, international, and emerging markets, as well as additional information regarding the specific BlackRock passive investment vehicle used by WSIB to track the index. Schumacher agreed that WSIB would compile and share the relevant information and noted that additional details could be included in future quarterly reports if helpful to the Committee.

Finance & Program Administrator Report

Melissa O'Keefe, Comptroller, presented the Finance & Program Administrator Report. She reported that the Foundation's first independent audit has been completed and described the process as a significant, highly collaborative effort involving teams. With the audit now complete, staff will begin compiling the Foundation's financial policies and procedures into a consolidated format. These policies will be presented at a future meeting for Committee review and are expected to be reviewed annually going forward.

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O’Keefe then provided an update on the new scholarship distribution process that began this academic term. She noted that the revised process was enabled by statutory changes secured in prior years and represents a significant operational improvement. Under the prior model, scholarship disbursements were issued on a single day based on projected eligibility. Colleges and universities later reconciled the funds against enrollment rosters and returned refunds for students who were no longer eligible, resulting in significant back-and-forth cash activity. During the prior year, approximately 27% of scholarship funds were returned as refunds, creating operational complexity and audit concerns regarding timing and data accuracy. The prior process also required the processing of more than 200 refund checks and delayed the receipt of updated Scholar enrollment data. Under the reimbursement-based model, colleges confirm enrollment at the census date, and disbursements are issued on a college-by-college basis. As a result, refunds have been significantly reduced. Approximately 12% of scholarship funds have been returned, with nearly all of them related to terms in effect before the new model was implemented. To date, approximately 4 refund checks have been processed, compared to roughly 60 during the same period in the prior year. O’Keefe noted that refunds in recent months have been minimal. O’Keefe emphasized that the new process has improved efficiency, reduced administrative burden, and significantly enhanced the timeliness and accuracy of Scholar data. Improved data quality has also strengthened communication with Scholars and internal coordination across teams.

O’Keefe reported that implementation of the new scholarship disbursement process required additional support for certain colleges and universities. To support the transition, the Awards team established a Financial Aid Advisory Committee and maintained direct communication with institutional partners. While the revised model increased processing volume due to staggered disbursements over several weeks rather than a single bulk payment, O’Keefe noted that the trade-off has been improved oversight, accuracy, and transparency. The new approach provides greater review and multiple points of verification, resulting in more precise scholarship administration. O’Keefe explained that the revised disbursement timing also necessitated adjustments to cash flow planning. Under the prior model, large upfront disbursements followed by refunds required maintaining higher cash balances. With reduced refunds and more predictable payment timing, the Foundation’s short-term cash needs have shifted. To address this change, O’Keefe shared that staff would bring forward a formal proposal at the next meeting to establish a money market investment account as an intermediary strategy for short-term funds. This approach would reduce the need to move funds back and forth between WSIB, which is intended for long-term investments, and operational cash, allowing operational cash to earn interest rather than remain idle in a non-interest-bearing checking account. In the interim, staff have opened a business savings account to begin earning interest on available cash. While the interest rate is modest, O’Keefe noted that it represents an improvement over prior arrangements and provides incremental benefit. Smith asked for clarification about whether money market funds meet requirements for “state-like nature of funds”. Kimber Connor confirmed the cash-equivalent investments. O’Keefe affirmed that the option under consideration complies with these requirements and noted that staff had previously evaluated this approach, but that updated cash flow patterns now make it a more appropriate strategy.

O’Keefe then reviewed first-quarter budget-to-actual financials, noting that first-quarter variances are expected due to timing differences inherent in budgeting. Revenue is tracking well overall, particularly private and corporate foundation contributions. O’Keefe also reported receipt of City Promise funds approved in statute during the prior year, with partial cash received and the full amount recognized in accordance with accounting standards. Investment income exceeded budgeted expectations, reflecting conservative forecasting and stronger-than-anticipated market performance. On the expense side, salary and benefit variances were primarily due to payroll timing, as biweekly payroll cycles are evenly budgeted across 12 months. Scholarship expense timing also contributed to first-quarter variances, as

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census dates occurred later than originally anticipated. O’Keefe noted that scholarship expenses are expected to align more closely with the budget beginning in the second quarter.

O’Keefe concluded with a review of the balance sheet, highlighting increased receivables driven by collections activity and the start of the new state biennium. State apportionment for the 2025–2027 biennium is reflected as unbilled revenue offset by deferred revenue and is expected to decrease as funds are collected. Promise receivables also contributed to changes in the balance sheet. Overall, O’Keefe reported that the Foundation maintains a strong financial position, with investments performing well and representing a significant portion of total assets. O’Keefe presented an inception-to-date cash flow overview, reporting that approximately \$332 million has been collected since inception and approximately \$165 million has been awarded in scholarships to date. She encouraged Committee members to review the Foundation’s legislative report, noting that it provides a comprehensive and accessible overview of scholarship impact and outcomes beyond financial metrics. A brief snapshot from the report was included to highlight program accomplishments.

Smith asked clarifying questions regarding the Foundation’s scholarship structure, specifically the distinction between first-dollar and last-dollar scholarships. Isabel Muñoz-Colón confirmed that the program operates as a last-dollar scholarship, meaning awards are not reduced based on other financial aid a student may receive. Lyanne O’Connell provided additional clarification, explaining that the program’s intent is consistently communicated to financial aid offices and reinforced through collaboration with institutional partners. She noted that the Financial Aid Advisory Committee is working to develop a formal financial aid manual, in partnership with state partners, to clearly articulate the last-dollar policy and promote consistent implementation across institutions. While there is some variation among financial aid offices, the program’s intent remains clear. Smith asked a follow-up question about how scholarship funds are distributed to students when tuition and fees are fully covered. O’Connell explained that after tuition and fees are applied, remaining scholarship funds are disbursed directly to students through each institution’s financial aid disbursement system or by check. Students may use these funds for allowable education-related expenses, including books, supplies, and other costs associated with enrollment. O’Connell confirmed that scholarship refunds are issued to the Foundation only when a student is no longer enrolled or no longer meets eligibility requirements, and not when excess funds are properly disbursed to students. Smith expressed appreciation for the clarification.

Program Update

Isabel Muñoz-Colón provided program updates and thanked O’Keefe for highlighting the legislative report. She offered special recognition to Jessica Monger and Lisa Magennis for leading the development of the legislative report, noting that their work enabled the Foundation to present, for the first time, more robust outcomes data. This was accomplished through a combination of state data from the Education Research Data Center and Scholar survey data previously previewed with the Committee. Muñoz-Colón explained that the findings from the legislative report, combined with insights from recent stakeholder engagement, will help inform future discussions with the Finance & Investment Committee on potential programmatic adjustments and budgetary decisions, including considerations regarding scholarship award models.

Key highlights from the legislative report were reviewed at a high level. The Foundation currently serves approximately 5,500 scholars statewide, with continued strong representation among women, first-generation college students, students of color, and students from both urban and rural communities. Isabel noted that geographic representation remains strong across the state. Since our inception, the program has supported more than 12,000 graduates, including approximately 10,000 graduates from the BAS program. Muñoz-Colón highlighted that the Foundation is currently recruiting for the 15th

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cohort of the BAS program, marking a significant milestone for the program. Muñoz-Colón encouraged Committee members to review the full legislative report, particularly the executive summary, which has been used effectively in legislative outreach to translate data into a clear and compelling narrative.

Muñoz-Colón summarized several key findings from the report. The BAS and CTS programs continue to reduce financial barriers for scholars compared to their peers. A significant majority of BAS graduates - approximately 86% - enter STEM and health care careers. Survey data indicate that most scholars remain in Washington State after completing their programs, with many staying in or returning to the counties where they originally applied for scholarships. This finding helps address stakeholder concerns about potential “brain drain,” particularly in rural communities. Muñoz-Colón also highlighted areas where the data suggests opportunities for deeper analysis and potential program refinement. Notably, rural BAS Scholars incur higher overall costs in their postsecondary pathways, driven by additional housing and transportation expenses associated with attending institutions farther from home. Muñoz-Colón noted that this raises important questions about affordability barriers for rural students. Across programs, out-of-pocket costs have increased since 2022, particularly affecting CTS Scholars. Staff plan to further analyze the drivers of these cost increases and consider how they may inform future award model decisions. Additionally, when comparing CTS Scholars to similarly eligible students who did not receive WSOS scholarships, data showed similar rates of credential attainment. Muñoz-Colón noted that this finding warrants further examination to better understand program impact and return on investment for CTS Scholars. Muñoz-Colón emphasized that this analysis is being intentionally integrated into the Foundation’s strategic planning efforts and will help guide future programmatic and investment decisions. Muñoz-Colón then provided an update on the strategic planning process, noting that staff have engaged more than 50 stakeholders across the education-to-workforce pipeline and from diverse regions of the state. Feedback has been overwhelmingly positive, with stakeholders expressing strong confidence in WSOS and enthusiasm to contribute ideas for building on the organization’s strengths.

Strategic Planning Process Update

Muñoz-Colón presented high-level findings from the stakeholder engagement process conducted as part of the Foundation’s strategic planning efforts. She noted that staff and consultants analyzed a robust set of qualitative data, including detailed feedback and representative quotes, which will be shared with the Committee. The presentation focused on key themes that are now informing strategic direction. To synthesize the feedback, stakeholder input was grouped into three primary categories: system-level impact, direct program impact, and organizational excellence. At the systems level, stakeholders emphasized that the Foundation’s public–private partnership model provides unique legitimacy and influence across both education and workforce systems. Partners encouraged the Foundation to lean further into this role by sharing lessons learned with state and regional partners, highlighting where pathways are working well for students and where challenges remain. Stakeholders also encouraged clearer articulation of education-to-workforce pathways for current scholars and alumni, with an emphasis on strengthening regional partnerships to support them.

Regarding the direct impact, stakeholders strongly affirmed the value of the Foundation’s “scholarship-plus” model, noting that financial aid, combined with advising and career development support, is a key driver of Scholar success. Partners encouraged the Foundation to maintain this integrated approach. Alumni and partners also expressed interest in deeper alumni engagement, including opportunities for alumni to support current scholars and to strengthen professional networks and career connections post-graduation. Additionally, stakeholders identified opportunities to collaborate more closely with regional partners to improve equitable access to scholarships and ensure scholars receive appropriate local support. In the area of organizational excellence, several cross-cutting priorities emerged.

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Stakeholders emphasized the importance of maintaining the Foundation as a preferred workplace in order to retain and attract high-quality staff. There was also strong alignment around the need to build on the Foundation's data strengths, including expanding the ability to track both short-term and long-term outcomes for Scholars during and after program participation, and to communicate those outcomes more effectively to partners and funders. Finally, stakeholders underscored the importance of continued financial stability, particularly amid evolving external conditions. Feedback emphasized the need to diversify the donor base, expand funding, & strengthen long-term financial sustainability.

Muñoz-Colón noted that these findings will serve as context for upcoming discussions with the Finance & Investment Committee. Anticipated topics include questions of scale versus depth of impact, potential expansion of the Scholar pool versus increased investment in programmatic supports, evaluation of the current scholarship award model, and consideration of potential modifications aligned with strategic priorities and desired outcomes. Staff will work with program leadership to develop recommendations for Committee and Board consideration. Muñoz-Colón invited Committee members to share additional questions or areas of focus that should be incorporated into future strategic planning discussions.

Smith thanked Muñoz-Colón for the presentation and noted that the information was informative and valuable. Matt Rubright, Committee member, asked about the timeline for deeper analysis of program effectiveness, including observations from the legislative report on CTS outcomes relative to peers and higher costs experienced by rural Scholars. Muñoz-Colón responded that the staff's goal is to bring recommendations to the Finance & Investment Committee and the Board in Q3. She noted that Lyanne O'Connell's team is currently working on analyses of scholarship award models and effectiveness, including consideration of evolving state and federal financial aid policies and the implications of recent reductions in aid for some students. Jess Peet asked about the written program update included in the pre-read materials. She asked for clarification on the "donor loyalty" metric, noting a count of 10 against a goal of 60. Muñoz-Colón explained that the metric reflects returning donors and noted that the figure typically increases following major outreach efforts. She indicated that additional context would be provided to the Board. Peet also asked about progress in diversifying the donor base beyond long-standing keystone partners, particularly regarding new industry engagement. Muñoz-Colón reported that the organization has begun to see progress, including receiving a first-time donation from a new corporate partner, Alaska Airlines. She noted that the Board's increased visibility efforts have contributed to greater awareness of WSOS among potential partners who were previously unfamiliar with the program's longevity and impact. Muñoz-Colón shared that staff are actively pursuing engagement with a broader range of industry partners, including technology and health care organizations. She highlighted a particular focus on health care partners, given that a significant portion of WSOS scholars enter healthcare-related fields and noted ongoing outreach efforts to align the Foundation's work with workforce needs in that sector. Muñoz-Colón thanked the Committee for the questions and feedback and indicated that staff would continue to incorporate these considerations into strategic planning and future recommendations.

No Executive Session & Closing:

Patrick Smith noted that time had been reserved on the agenda for an executive session; however, he indicated that there were no matters to bring forward for executive session and asked whether staff had any items requiring discussion in executive session. Muñoz-Colón and O'Keefe confirmed that there were no items to address at that time. Smith then noted, for the Committee's awareness, that the Finance & Investment Committee's self-evaluation will be deferred and conducted at the end of the fiscal year in June, rather than at this meeting, to align with fiscal year-end timing. No additional business was raised.

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Adjournment

Patrick Smith motioned for adjournment, and Jess Peet seconded. The meeting was adjourned at 3:15 p.m. The motion passed unanimously. Committee members thanked staff for their work and extended New Year greetings.

Respectfully submitted,

Grace Park

DRAFT

Tab B

WSIB Report

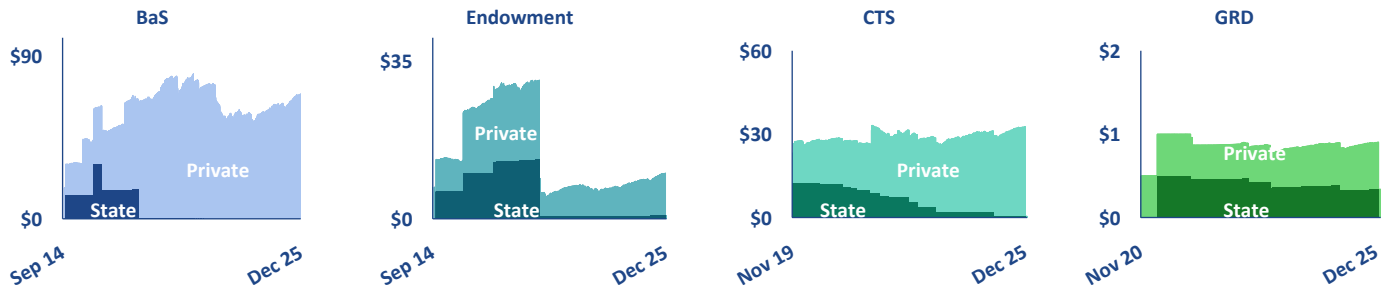


Washington State Opportunities Scholarship

Quarterly Report – December 31, 2025

Assets Under Management and Allocation	2
Performance.....	3

Private and State Match Assets Under Management (\$ Millions)



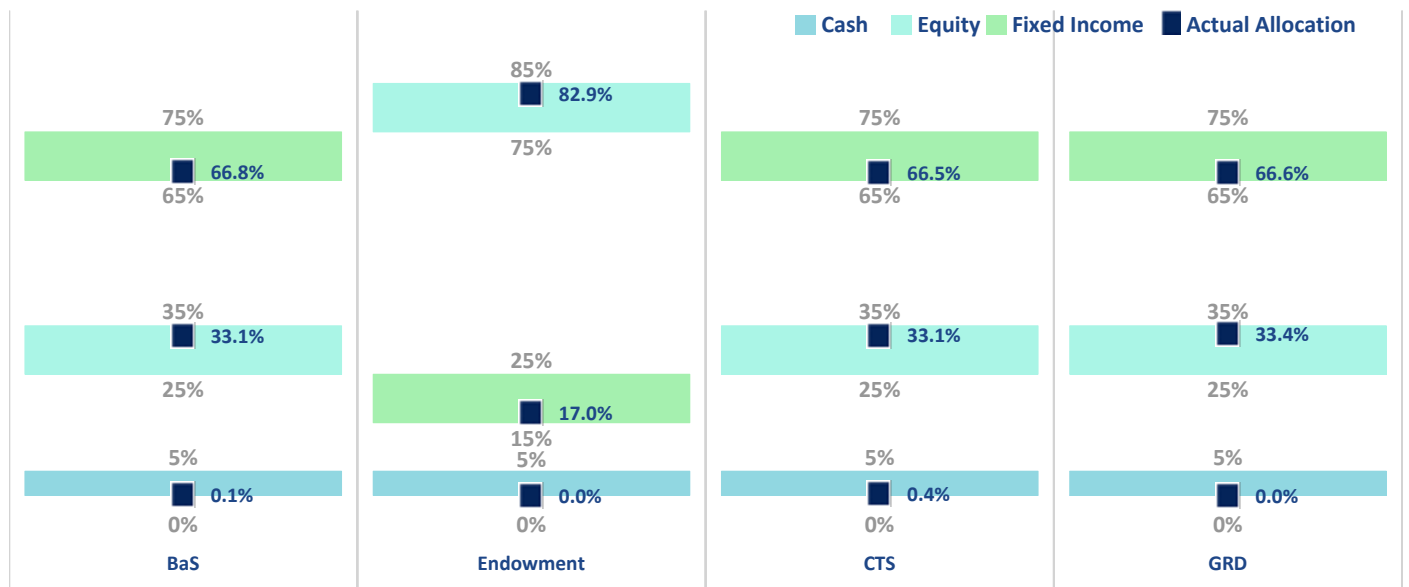
BaS		Endowment	
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Private Total	\$68,734,051	Private Total	\$9,335,949
Equity	\$22,719,310	Equity	\$7,743,455
Fixed Income	\$45,938,112	Fixed Income	\$1,591,557
Cash	\$76,629	Cash	\$937
State Match Total	\$0	State Match Total	\$681,830
Cash	\$0	Cash	\$681,830

CTS		GRD	
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Private Total	\$32,189,844	Private Total	\$564,649
Equity	\$10,645,842	Equity	\$188,531
Fixed Income	\$21,415,983	Fixed Income	\$376,114
Cash	\$128,018	Cash	\$3
State Match Total	\$447,785	State Match Total	\$338,413
Cash	\$447,785	Cash	\$338,413

Private Allocations and Ranges



Total Returns

	Qtr.	1 Year	3 Year	5 Year	Since Inception
BaS					
Private	1.86%	12.93%	10.69%	4.65%	5.70%
Private Benchmark	1.88%	12.13%	10.40%	4.44%	5.59%
State Match	N/A	N/A	N/A	N/A	0.46%
State Match Benchmark	0.99%	4.23%	4.89%	3.23%	2.00%

Endowment

Private	2.88%	19.74%	17.60%	9.30%	8.65%
Private Benchmark	2.88%	19.39%	17.43%	9.18%	8.90%
State Match	0.98%	4.14%	4.77%	3.15%	1.89%
State Match Benchmark	0.99%	4.23%	4.89%	3.23%	2.00%

CTS

Private	1.85%	12.93%	10.81%	4.75%	5.84%
Private Benchmark	1.88%	12.13%	10.40%	4.44%	5.38%
State Match	0.98%	4.28%	4.82%	3.18%	2.69%
State Match Benchmark	0.99%	4.23%	4.89%	3.23%	2.78%

GRD

Private	1.86%	12.99%	10.84%	6.68%	6.45%
Private Benchmark	1.88%	12.13%	10.40%	6.44%	6.23%
State Match	0.98%	4.20%	4.79%	N/A	3.30%
State Match Benchmark	0.99%	4.23%	4.89%	3.23%	3.36%

Equity and Fixed Income Returns

	Qtr.	1 Year	3 Year	5 Year	Since Inception
Equity					
BaS	3.24%	22.39%	20.27%	11.02%	10.33%
Endowment	3.23%	22.34%	20.24%	11.01%	10.32%
CTS	3.24%	22.39%	20.24%	11.00%	12.74%
GRD	3.23%	22.37%	20.18%	N/A	20.49%
MSCI ACWI IMI w/ U.S. Gross	3.28%	22.35%	20.29%	11.04%	

Fixed Income

BaS	1.19%	8.80%	6.71%	1.82%	3.27%
Endowment	1.19%	8.80%	6.71%	1.83%	3.27%
CTS	1.19%	8.80%	6.71%	1.84%	2.92%
GRD	1.19%	8.80%	6.71%	N/A	6.50%
Bloomberg Intermediate Credit	1.27%	7.88%	6.26%	1.54%	

BaS and CTS Benchmarks: Private 30% MSCI ACWI IMI w/U.S. Gross & 70% Bloomberg Intermediate Credit, State Match 90 Day Tbill.

Endowment Benchmarks: Private 80% MSCI ACWI IMI w/U.S. Gross & 20% Bloomberg Intermediate Credit, State Match 90 Day Tbill

GRD Benchmarks: Private 30% MSCI ACWI IMI w/U.S. Gross & 70% Bloomberg Intermediate Credit, State Match 90 Day Tbill.

Since Inception for BaS and Endowment: Private 10/1/14, State Match 11/25/14 Since Inception for CTS: Private and State Match 11/27/19

Since Inception for GRD: Private 10/30/20 and State Match 3/19/21

Tab C

Financial Policies and Procedures

WASHINGTON STATE
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Financial Policies & Procedures

Adopted on: **Date**, 2026

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About

The Washington State Opportunity Scholarship (“WSOS”) operates with the guidance and oversight of the WSOS Board of Directors as provisioned by the Opportunity Scholarship Act, Chapter 28B.145 of the Revised Code of Washington (the “Act”). The WSOS Foundation (“WSOSF”) is a nonprofit entity created by the WSOS Board pursuant to the provisions of the Act and governed by the WSOSF Board of Directors. WSOSF is organized for the sole purpose of performing administrative and financial duties relating to programs of WSOS. The policies and procedures described herein govern all activities of WSOSF including administration of the WSOS program. All items referred to as WSOSF include the WSOS program unless specifically differentiated.

Policies and procedures are differentiated in this document. Once adopted, policies may only be changed with approval from the WSOSF and WSOS Boards unless otherwise required by the program administrator contract, bylaws or the law. The procedures may be modified by staff without such approval so long as they remain compliant with applicable laws and regulations and provide notification of significant updates to the Finance & Investment Committee.

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I. Accounting

A. Basis of Accounting

POLICY: WSOSF uses an accrual system of accounting and maintains financial records in accordance with Generally Accepted Accounting Principles (GAAP). WSOSF's financial statements are prepared in conformity with guidance issued by the Financial Accounting Standards Board (FASB) for not-for-profit entities. WSOSF follows all federal and state laws and regulations governing nonprofit financial reporting. Year-end books are closed no later than 90 days after the end of the fiscal year.

PROCEDURES:

In all months of the fiscal year except the final one:

- Expenses are accrued in the month in which they are incurred. Invoices received after closing the books are counted as current month expenses unless they are material in which case they are booked to the appropriate month.
- Revenue is recorded in the month in which it was pledged or once conditions have been met. If cash is received without a prior pledge, it is reported in the month in which it was received. Revenue received after closing the books will be counted as current-month revenue unless it is material in which case it will be booked to the appropriate month.
- In the final month of the fiscal year, all expenses and revenue that are attributable to the prior fiscal year are so accrued to ensure year-end financial statements reflect all expenses and revenue incurred during the fiscal year.

B. Journal Entries, Bank Reconciliations, & Monthly Close

POLICY: The month-close process, including bank reconciliations and associated journal entries, are completed no later than 15 business days following the last day of the month except for the final month of the fiscal year (as described above).

PROCEDURES:

Bank statements, checks, and evidence of electronic payment are available to the Executive Directors of WSOS and WSOSF, Deputy Director of WSOS, Comptroller and WSOSF Board president via the online banking platform.

On a monthly basis, a listing of journal entries is prepared by the Senior Staff Accountant or delegate. That list is reviewed and approved by the Comptroller via the accounting software.

C. Records Retention

POLICY: WSOSF maintains records in a manner that supports accurate financial reporting, compliance with grant and donor requirements, transparency, auditability, and effective

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governance. Retention periods are designed to meet or exceed minimum requirements established under GAAP, FASB standards, the IRS, the Washington Nonprofit Corporation Act, and relevant federal, state, and local laws. Records are retained for the required periods and protected from unauthorized access, loss, or destruction.

PROCEDURES:

Financial files are generally stored for seven years. These include: bank reconciliations, bank statements, relevant correspondence, insurance policies (including expired), accounts payable ledgers and schedules, expenses analyses and distribution schedules, invoices, payroll records and summaries, as well as contracts and leases.

Some financial records are stored permanently. These include: audit reports, checks related to important payments or purchases, depreciation schedules, year-end financial statements, legal correspondence, insurance policy claims information, Board policies and resolutions, Bylaws, Articles of Incorporation, IRS application for tax-exempt status, IRS determination letter and correspondence related to it, minutes related to the Finance & Investment Committee and WSOSF Board meetings, as well as all tax returns and related calculations.

All electronic documents are stored under restricted access using the least privilege model. All physical documents are stored in a physically secure space and shredded once scanned to their electronic location.

D. Technology Disaster Recovery

POLICY: WSOSF financial records are appropriately backed up to protect from damage or loss of records due to computer system malfunction.

PROCEDURES:

The accounting system is hosted in the cloud, protected and managed by the vendor as governed by their Information Security Management Program, described in full here: <https://www.sage.com/en-us/legal/terms-and-conditions/product-and-service-terms-and-conditions/sage-intacct/information-security-management-program/>

All other financial files and correspondence are held within the Microsoft 365 environment including One Drive, SharePoint, and Outlook.

II. Internal Controls

POLICY: WSOSF employs safeguards to ensure financial transactions are properly authorized, appropriated, executed, and recorded by appropriate staff. These controls seek to assure compliance with applicable laws and regulations, reliable records and accounts for reporting and management, and protect against loss or unauthorized use of assets.

A. Lines of Authority

POLICY: The WSOSF Board bears fiduciary responsibility for the financial affairs of WSOSF, subject to the rights and authorities reserved to the WSOS Board under applicable state law and the WSOSF Bylaws.

Through the enactment of financial policies, approval of annual budgets, periodic review of financial activity, and delegation of authority to committees and staff, the Boards perform their respective duties of financial oversight. Authority for financial and investment oversight for WSOS assets is delegated by the WSOS Board to the Finance and Investment Committee (“F&I Committee”) in accordance with its charter. The F&I Committee reviews and makes recommendations to the WSOS Board regarding budgets, financial matters, and investment policy and performance, and reports regularly to the WSOS Board. WSOSF staff are authorized to carry out financial activities within the scope of Board approved policies, budgets, and delegated authority.

B. Conflicts of Interest and Code of Conduct

POLICY: All employees and members of the WSOSF and WSOS Boards are expected to use good judgement, to adhere to high ethical standards, and to act in such a manner as to avoid actual and potential conflict of interest. A conflict of interest occurs when the personal, professional, or business interests of an employee or Board member conflict with the interests of the organization. Both the fact and the appearance of a conflict of interest will be avoided.

PROCEDURES:

Officers, employees, and Board members must disclose any personal, professional, or financial interest in a proposed transaction or decision that may give rise to an actual or perceived conflict of interest. Upon disclosure, the individual shall not participate in the discussion, decision-making, or approval of the matter giving rise to the potential conflict. On an annual basis, the Comptroller or designee will prepare a list of current vendors and request that Board members and key staff review the list and identify any potential conflicts of interest.

As new vendors are engaged, potential conflicts will be identified and disclosed through the payment approval or contracting review process, as applicable.

In the event of a question or dispute regarding whether a conflict of interest exists:

- The WSOSF Executive Director will determine whether a conflict of interest exists for an employee or contractor and will determine the appropriate response.
- The applicable Board, or its designated committee, will determine whether a conflict of interest exists for the Chief Executive Officer, Executive Director, or a Board member and will determine the appropriate response.
- It is prohibited for any officer, employee, or agent of WSOSF to solicit or accept gratuities, favors, or anything of monetary value from contractors, vendors, or other parties conducting business with the organization.

Violations of this policy may result in disciplinary action. For employees, disciplinary action may range from a formal written warning to termination of employment, depending on the severity and circumstances of the violation, as determined by the Chief Executive Officer or Executive Director.

C. Segregation of Duties

POLICY: The organization's financial duties are distributed among multiple people to help ensure protection from fraud and error. The distribution of duties aims for maximum protection of the organization's assets while also considering efficiency of operations.

PROCEDURES: Appropriate segregation of duties is specified for financial transactions.

D. Physical Security of Assets

POLICY: WSOSF maintains physical security of assets to ensure that only authorized individuals have physical or indirect access to money, records and other valuable property.

PROCEDURES:

As a practice, no cash is kept on site for expenses. In the rare event of a cash donation, cash will be kept in the office safe until the Comptroller or designee can deposit it directly in the bank. When received, the cash deposit will be entered in the same log of deposits as other donations and funds and confirmed by the Senior Staff Accountant that totals align to the deposit made to the bank.

- Blank checks are held in a locked box by the Comptroller.
- Credit Cards will be securely kept by approved cardholders.
- Bank deposits are made as soon as is practicable, not to exceed one week.

III. Financial Planning, Budget Management & Reporting

A. Financial Planning

POLICY: WSOSF budget is prepared and approved annually by the WSOSF Board. The WSOS budget is prepared and approved annually by the WSOS Board. Budgets submitted for the WSOS Board approval will include a program expense ratio between 85%-92%. Exceptions to this ratio can be made by Board approval should a temporary need arise.

PROCEDURES:

The Comptroller prepares the annual budgets in collaboration with the Executive Directors of WSOSF and WSOS. Budgets will reflect programmatic and operations goals. Revenues and expenses shall be budgeted based on the best available information including prior agreements and historical information.

- The Comptroller will submit a draft budget to the F&I Committee. The F&I Committee will review and approve a recommended budget for the submission to the Board.

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- The WSOSF Board and WSOS Board will approve the budget in their annual second quarter meetings.
- The budget is revised during the year only if approved by the appropriate boards.

B. Budget Management

POLICY: WSOSF and WSOS shall manage their budgets throughout the year and make adjustments as needed. Any adjustments made that would result in a 15% overage of budgeted total expenses would need board approval.

PROCEDURES:

The WSOSF and WSOS Executive Directors, Deputy Director, Comptroller, Directors, and other budget holders will review budget vs actual spending monthly. During reviews, if actual spending deviates substantially from the budgeted amounts, the budget holder will monitor carefully and make operational adjustments if necessary.

On a quarterly basis once the accounting close has been completed, the Comptroller will make updates to the cash flow forecast to reflect all information available as of that time. In the event of an anticipated critical cash flow situation for WSOSF the Comptroller will notify the WSOSF Executive Director to take the appropriate steps as outline in the administration service agreement between WSOSF and the WSOS Board. In the event of an anticipated critical cash flow situation for WSOS, the Comptroller will notify the WSOS Executive Director and F&I Committee chair to make an appropriate recommendation to the WSOS Board.

C. Internal Financial Reports

POLICY: Accounting for WSOSF financial operations and programs will be complete and timely. Members of the boards will receive regular financial reports to perform oversight of WSOSF/WSOS financial operations and programs including its revenue and expense statements and balance sheet as required in the contract between the WSOSF and WSOS Boards.

PROCEDURES:

On or before 15 business days following the prior month, all bank reconciliations are completed and appropriate month-end adjustments are recorded. Financial reports are created by the accounting system and reviewed by the Comptroller to analyze certain accounts and note where variances seem inappropriate or where additional information is needed. Upon completion of these account analyses and recording of additional adjustments as deemed necessary, the final month-end closing reports are prepared and circulated to the Executive Directors and budget holders.

Comptroller will circulate the following information to the Boards for the associated fiscal quarter under review:

- Income Statement
- Budget to Actuals Statement
- Balance Sheet

- Net Asset reports

WSOSF and WSOS Board maybe also request additional reports or access to the WSOSF accounts and books to determine compliance with the commitments made in the agreement between WSOSF and the WSOS Board.

D. Audit

POLICY: WSOSF will comply with all financial audit obligations imposed by law for nonprofits and by contract with the WSOS Board. The WSOS Board reserves the right to conduct its own independent audit by the WSOS Board or designee's choosing.

PROCEDURES:

WSOSF will contract for an independent finance audit to be conducted annually by a reputable independent accounting firm.

The WSOSF Board and F&I Committee will review the audit and any management letters and provide remedies to any audit findings. The audit will be reviewed by the WSOS Board and made available to the public and posted on the WSOS website.

Should the WSOS Board wish to conduct their own independent audit, the WSOSF finance team will fully cooperate with the independent accounting firm in providing necessary financial documents within the timeframes

E. Tax Compliance

POLICY: WSOSF will file federally required tax documents accurately and on time.

PROCEDURES:

With assistance of an independent auditing firm, the Comptroller will oversee accurate and timely completion of the Federal Form 990 each year. The WSOSF board and F&I Committee will be provided a copy of the form 990 prior to being filed. The WSOSF Executive Director will sign the form 990.

IV. Revenue & Accounts Receivable

A. Revenue Receivable Processing

POLICY: WSOSF maintains accurate internal controls over accounts receivable to ensure that revenues are properly authorized, timely recorded, supported by appropriate documentation, and collected in accordance with applicable laws, donor restrictions, grant agreements, and WSOS program requirements.

The WSOS Board may reserve the right to decline any gift that does not further the WSOS mission or may involve special maintenance or other conditions the WSOS Board or Foundation

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would be unable to satisfy. In the event the WSOS Board wishes to decline a gift, the WSOS Board or designee shall provide in writing their intent to do so to the Foundation within 30 days of the gift receipt.

The WSOS Board delegates authority to the WSOS Executive Director to determine the appropriate allocation of undesignated gifts between the WSOS accounts provided that:

- Allocation proportions are in alignment with the scholarship model
- Allocation proportions are reviewed at least annually in collaboration with the Finance & Investment Committee
- This delegated authority shall only apply to undesignated gifts of \$500,000 or less. Undesignated gifts in excess of \$500,000 shall be temporarily deposited in the scholarship account. The Finance & Investment Committee will then make a recommendation to the WSOS Board but the WSOS Board shall retain the right to make the final decision about where such funds are applied between accounts and programs.

PROCEDURES:

Checks

- All checks received by WSOSF are opened by designated staff and reviewed to confirm the payee and amount.
- Checks made payable to WSOSF or WSOS are recorded and deposited into the appropriate operating account on a regular basis and no less frequently than weekly.
- Checks received that are payable to an incorrect entity are not deposited and are segregated pending follow-up by Finance and Advancement staff.
- Scanned images or copies of all deposited checks are retained electronically and associated with the corresponding revenue record in the accounting system.
- Finance staff record the deposit in the accounting system and apply the receipt to the appropriate revenue source, restriction, and accounts receivable balance, if applicable.

Wire Transfer Receipts

- Finance staff are notified in advance of expected wire transfers when possible.
- Upon receipt of a wire transfer, Finance staff confirm the amount received and the originating party.
- Wire receipts are recorded promptly in the accounting system and applied to the appropriate revenue source and accounts receivable balance.
- Supporting documentation, including remittance advice or donor correspondence, is retained electronically.

Donated Securities

- Donated securities are recorded as contribution revenue at fair value on the date of receipt.
- Securities are liquidated in accordance with Board-approved investment policies unless otherwise directed.
- Proceeds from the sale of donated securities are transferred to the appropriate bank account and recorded in the accounting system.
- Supporting documentation related to the donation and sale of securities is retained electronically.

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Cash

- Cash donations are recorded as contribution revenue when received or according to the pledge agreement conditions.
- Cash is kept securely in a safe in the office until it can be deposited.

In-Kind Goods and Services

- In-kind goods and services are evaluated by Finance staff to determine whether they meet the criteria for recognition under generally accepted accounting principles.
- In-kind donations are recorded at fair market value when the goods or services create or enhance non-financial assets or require specialized skills that would otherwise need to be purchased.
- Supporting documentation substantiating the nature and value of the donation is retained.
- In-kind contributions that do not meet recognition criteria are tracked for disclosure purposes only.

B. Donations Revenue Recognition

POLICY: Contribution revenue is recognized in accordance with GAAP when an unconditional pledge or contribution is received, or when a binding written commitment is made and collection is reasonably assured. Contributions with donor-imposed restrictions are recorded as restricted net assets until the restrictions are satisfied.

PROCEDURES:

- Pledges receivable are recorded at their estimated net realizable value, including the application of any required present-value discounts.
- Conditional contributions are not recognized as revenue until the conditions have been substantially met.
- The Comptroller reviews contribution activity on a regular basis to ensure proper classification, valuation, and timing of revenue recognition.

V. Expenses & Accounts Payable

POLICY: WSOSF maintains internal controls to ensure that expenses are valid, properly authorized, accurately recorded, and paid in a timely manner, and that all expenditures are consistent with Board-approved budgets, donor and grant restrictions, and applicable laws and regulations.

WSOSF establishes approval thresholds to ensure that expenditures are appropriately authorized, reviewed, and approved in accordance with approved budgets, segregation of duties, and delegated authority. Approval requirements are based on the dollar amount of the expenditure and the organizational entity (WSOS or WSOSF) incurring the cost.

No payment may be processed without approval in accordance with the thresholds below, except where a blanket or recurring authorization has been formally approved and documented.

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PROCEDURES:

Approval Thresholds

All approvals are documented within the expense or accounting system approval workflow or through approved authorization forms prior to payment processing. Thresholds for credit card limits are determined by need. Approval by the card holder's supervisor is required. Exception is the WSOS Executive Director whose purchases are reviewed and approved by the Comptroller. Finance staff verify that the correct Executive approval is obtained based on the entity incurring the expense.

Certain recurring expenses may be approved in advance through a Blanket Accounts Payable Authorization. Blanket approvals must specify:

- Vendor
- Duration of approval
- Monthly amount or not-to-exceed threshold
- Authorized approver

If a recurring expense exceeds the approved threshold, the blanket authorization is voided and standard approval thresholds apply.

Purchases

All purchases of goods and services must be consistent with an approved budget. Requests for purchases are initiated by the requesting department and must include sufficient detail to determine allowability, business purpose, and appropriate coding.

Contracts, recurring services, and new vendors require review by the Sr Staff Accountant and must comply with vendor onboarding requirements, including receipt of a completed W-9 and payment instructions.

Payments

Vendor invoices and payment requests must be submitted to the Finance inbox by the weekly deadline established by Finance. Finance staff review invoices for completeness, proper coding, and evidence of approval by the appropriate authority. Invoices are entered into the accounting system and routed through established approval workflows based on dollar thresholds and organizational authority. Payments are scheduled by the Comptroller and released by an authorized personnel. Authorized personnel include WSOSF and WSOS Executive Directors and the WSOS Deputy Director.

Employee Expense Reimbursements

Employees seeking reimbursement must submit itemized receipts and a completed expense report through the approved expense system. Expense reports must clearly document the business purpose and comply with WSOSF travel and reimbursement policies. Reimbursements require supervisor approval. Reimbursements over \$250 require additional approval by the WSOSF Executive Director prior to payment. Reimbursements are processed through the approved expense system.

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Credit Card Expenses and Reconciliation

Credit cards are issued only to authorized employees based on job responsibilities. Cardholders must submit receipts and documentation for all charges in a timely manner no later than the 7th of the month for the preceding month's charges. Finance reviews and reconciles credit card statements monthly and investigates any discrepancies. Unauthorized or personal charges must be reimbursed promptly by the cardholder and may result in revocation of card privileges.

Petty Cash Expenses

WSOSF does not maintain petty cash funds.

Electronic Funds Transfer

Electronic payments (ACH, wire transfers, payroll direct deposits) are permitted and encouraged. Vendor and employee banking information is maintained securely with restricted access. Only authorized personnel may initiate and release electronic payments. Electronic payment activity is reviewed as part of monthly bank reconciliations.

VI. Asset Management

POLICY: WSOSF manages assets to ensure proper safeguarding, accurate financial reporting, and compliance with donor, grant, and statutory requirements.

PROCEDURES:

Cash Flow Planning and Management

Cash flow forecasts are prepared as part of the annual budget process and updated periodically. Finance monitors cash balances and anticipated inflows and outflows to ensure sufficient liquidity. Potential cash flow constraints are escalated to Executive leadership in a timely manner.

Bank Reconciliation

All bank and investment accounts are reconciled monthly. Reconciliations are prepared by the Sr Accountant and reviewed and completed by the Comptroller. Reconciling items are investigated and resolved promptly.

Opening and Closing Bank Accounts

The opening or closing of bank accounts requires approval by executive leadership and, where applicable, the Board. Authorized signatories are reviewed and updated as needed. Current signatories are as follows:

- WSOSF Board President
- WSOSF Executive Director
- Comptroller

Grants Management

Grant expenditures are tracked in accordance with grant agreements and donor restrictions. Finance coordinates with program staff to ensure costs are allowable and properly documented.

Grant reporting is reconciled to the general ledger prior to submission.

A. Fixed Assets

POLICY: WSOSF's capitalization threshold is \$2,500 per individual item. Any purchase with a cost below \$2,500 will be expensed in the period incurred. An exception to this threshold is made for small and attractive assets such as computers, tablets, or other small and attractive assets for which the aggregate cost of a group purchase may be used to determine whether the capitalization threshold is met.

PROCEDURES:

Assets with a useful life greater than one year and exceeding capitalization thresholds established by management are capitalized. Fixed assets are depreciated using the straight-line method over their estimated useful lives.

- New computers will be amortized over 3 years.
- Software implementation is amortized at 3 years.
- Assets purchased prior to 7/1/2024 that were rolled over in the transition from the prior program administrator will maintain the amortization schedule provided.
- Disposals of assets are documented and recorded appropriately.
- Small and attractive assets (e.g., laptops, tablets, mobile devices) are tracked by the Data & Systems Director and safeguarded in locked storage.
- Inventory records are maintained and reviewed periodically.
- Purchasing, payment processing, reconciliation, and review functions are segregated among staff to the extent practicable.
- System access is granted based on job responsibilities and reviewed periodically.

VII. Investments

POLICY: WSOSF manages investments in a manner that ensures the preservation of principal, maintenance of adequate liquidity, and prudent growth of assets, consistent with the organization's mission, cash flow needs, and fiduciary responsibilities.

WSOS investment activities are governed by Board-approved investment policies and applicable state laws and regulations. Investment oversight is exercised by the WSOS Board and its F&I Committee, with WSOSF serving in its designated role as Program Administrator. As such, WSOSF Executive Director and Comptroller are authorized to approve investment transactions (purchase, sell, exchange) which conform to these policies. This policy is guided by and in compliance with WSIB policy 2.35.500 as well as the opinion of the Attorney General which prohibits investments in stocks of private companies. A copy of the formal opinion is here: <http://www.atg.wa.gov/agoopinions/investment-certain-scholarship-funds-stocks-private-companies>.

A copy of the most current WSIB policy is available here: <https://sib.wa.gov/policies.html>. Permissible investments include the following in accordance with the aforementioned policy of the Washington State Investment Board, Policy Number: 2.35.500: U.S. government or

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government agency instruments including repurchase agreements for U.S. government and agency instruments.

Investments are categorized as long-term investments and short-term investments based on purpose, time horizon, and liquidity needs. Long-term investments are governed by WSOS Board approved investment policies and are held to support the long-term financial sustainability of WSOS scholarship and programmatic obligations. These investments include endowment and scholarship program funds intended for use beyond the current operating cycle. Long-term investments are managed by the Washington State Investment Board (WSIB) in compliance with applicable state laws, WSIB policies, and Attorney General guidance governing the investment of state and state-like funds. Investments in the WSOS endowment account may be used with consultation with the Washington State Achievement Council and WSOS Board prior to use.

Short-term investments of the general cash funds of WSOS are maintained in a checking account or related investment account and used for meeting the annual operating needs of WSOS. Investment objectives, in priority order, are as follows:

- Protection of principal
- Maintenance of adequate liquidity
- Maximization of return on investment at a prudent level of risk

Creation of a new investment account will be approved by the F&I Committee and the WSOS Board.

Liquidity of the portfolio will be maintained in a manner that meets the cash flow requirements of WSOS per a schedule of projected cash flow to be provided on a quarterly basis.

Performance of the investment portfolio shall be measured against the benchmark of the Dreyfus Government Fund (Ticker: DVGXX) for the money market account and US Treasury Bills (3-month for short-term duration and 12-month for longer duration) for the Fixed Income Securities as the benchmark and will apply that moving forward.

PROCEDURES:

Long-Term Investments

WSOSF staff coordinate with WSIB regarding contributions, withdrawals, and reporting. Investment performance, asset allocation, and liquidity are reviewed quarterly by the F&I Committee. Investment activity is recorded in the accounting system and reconciled to WSIB reports monthly. Withdrawals from long-term investments are initiated in accordance with cash flow forecasts and program needs. All withdrawal requests comply with WSIB procedures, including advance notice and authorized signatory requirements.

Short-Term Investments

Short-term investments are used to manage operating cash and near-term obligations, including scholarship disbursements and administrative expenses. Short-term investment vehicles are selected to prioritize liquidity and principal preservation over yield. The WSOS Board approves and monitors adherence to the short-term investment policy. The F&I Committee formulates and

oversees implementation of the policy. WSOSF administers short-term investment activity on behalf of WSOS within the limits of the approved policy.

Transfers between operating accounts and short-term investment accounts are documented and reviewed as part of cash management procedures. Short-term investment balances are reviewed regularly as part of cash flow planning. Activity in short-term investment accounts is reconciled monthly to bank statements and recorded in the general ledger.

VIII. Insurance

POLICY: Insurance coverage is maintained in accordance with the WSOS Foundation Administration Services Agreement, applicable Washington State law, and Board-approved risk management practices. Required insurance coverage is reviewed periodically by management and reported to the appropriate Boards as part of financial oversight. Coverage limits, carriers, and policy terms shall meet or exceed the minimum requirements set forth in WSOSF contractual obligations.

PROCEDURES:

WSOSF shall maintain, at a minimum, the following insurance coverages, consistent with contractual requirements:

- Commercial General Liability Insurance, including bodily injury and property damage
- Directors and Officers (D&O) Liability Insurance, covering the WSOSF Board, WSOS Board members acting in their official capacities, officers, and employees
- Professional Liability (Errors and Omissions) Insurance
- Employment Practices Liability Insurance
- Crime Insurance, including employee dishonesty coverage
- ERISA Fidelity Bond, as applicable
- Cyber-Security, Data, and Privacy Breach Insurance
- Workers' Compensation / Industrial Insurance

Vendors and contractors engaged by WSOSF are required to maintain insurance coverage appropriate to the nature and risk level of the services provided. Insurance requirements for vendors are assessed during contract review using approved contract templates and hazard classifications. Certificates of insurance are obtained and retained prior to contract execution when required.

IX. Personnel and Payroll

POLICY: WSOSF ensures that payroll is processed accurately, timely, and in compliance with applicable laws.

PROCEDURES:

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Payroll is processed through approved payroll systems. Compensation changes require documented approval. Payroll reports are reviewed prior to processing and reconciled to the general ledger.

X. Additional Board Oversight

POLICY: The WSOSF Board and WSOS Board shall have authority to review, approve, and modify all budgets and financial policies developed by the Executive Directors and Comptroller.

PROCEDURES: The WSOSF Board, F&I Committee and WSOS Board will approve these financial policies at least once per year in advance of the start of the new fiscal year.

Tab D

Program Update Report

PROGRAM UPDATE | MARCH 2026

INTRODUCTION

This quarter reflects strong organizational momentum across programs, even amid a challenging external environment. Demand for WSOS scholarships continues to grow statewide, with record application volume for the Baccalaureate Scholarship and teams advancing proactive strategies across all scholarship programs to improve applicant readiness, eligibility, and completion. These efforts are strengthening alignment between WSOS investments, workforce demand, and equitable access to opportunity, while positioning programs to meet award and enrollment goals.

Scholar Programs are using data and midyear assessments to adapt service models in response to evolving Scholar needs. Engagement trends show strong results in redesigned Career & Technical Scholar support and career development offerings, while insights from Baccalaureate Scholars are informing planned shifts toward more responsive, peer aligned support models. Together, these efforts reflect a continued focus on impact, relevance, and the Scholar experience.

At the state level, the Washington State 2026 legislative session is scheduled to conclude on March 12. The External Affairs team has been navigating a very difficult budget year in the Legislature while continuing to identify opportunities to advance WSOS priorities, with the team prepared to share additional information on legislative priorities and potential budget impacts at the Board meeting.

Advancement efforts remain focused on sustaining long-term growth through partner engagement, regional cultivation, and milestone moments that celebrate WSOS's impact while positioning the organization for its next chapter. In response to the broader corporate giving declines, the team is broadening its outreach to new industry partners and deepening our work with focused aligned partners as a strategy to mitigate these challenges.

AWARDS ADMINISTRATION UPDATE

BACCALAUREATE SCHOLARSHIP (BAS)

The **Baccalaureate Scholarship (BaS) 2026 application cycle** has closed with **over 3,500 applications**, representing a **16% increase over the previous year** and participation from **every county statewide** — a strong outcome driven by coordinated

outreach with the External Affairs team. The program aims to award **1,275 scholarships**, including 1,025 high school graduates and 250 current college students.

To support this growth and improve applicant readiness, **BaS 2026 application strategies** focused on strengthening instructions, addressing known pain points—particularly high school completion and financial eligibility — and expanding online resources to help students identify the most appropriate scholarship. Clearer eligibility messaging, targeted outreach, and coordinated promotion encouraged applicant self-screening and reduced applications from students unlikely to qualify. These efforts, implemented in close partnership with External Affairs and Marketing & Communications, ensured applicants entered the process with a clearer understanding of program expectations.

Next, the Awards team will begin the eligibility review and report the results at the next Board meeting. Given the strong application volume, we are optimistic that BaS is well-positioned to meet the team’s award and seat-filling goals.

CAREER & TECHNICAL SCHOLARSHIP (CTS)

For the 2026–27 academic year, the Career & Technical Scholarship (CTS) **Cohort 8’s fall** application will **open March 18 and close April 15**. The goal is to ensure 87% of applicants are eligible, strengthening efficiency and alignment with workforce demand. To meet this goal, the Awards team will focus on reducing the most common barriers to eligibility by proactively addressing issues related to income requirements, Washington state residency, and FAFSA/WASFA completion.

This work is supported through continued collaboration with Marketing & Communications and External Affairs to ensure applicants clearly understand eligibility expectations before applying. In parallel, the team will ensure that external partners and WSOS staff are consistently trained on eligibility criteria, allowing teams to more effectively target outreach and promotion to students most likely to qualify — particularly those pursuing non-bachelor’s degree pathways. Prior evaluations show that income eligibility, residency status, and missing financial aid applications are the leading reasons applicants are not eligible. Addressing these barriers will support driving eligible applicants to apply and successfully complete the application process.

In addition, the Awards team has partnered with Data & Systems and the Washington State Workforce Development Councils to develop a robust eligible-majors list grounded in Board-approved principles.

- The occupation must be considered **STEM, health care, or trade**.
- The occupation must be a **high-demand** field of work in Washington State.

- The occupation must earn a **living wage**.
- Major must be offered at one or more **Washington community or technical colleges** or an approved **apprenticeship** site and be **eligible for financial aid**.

RJI eligible programs must meet all CTS criteria and lead to a high-demand career in a region’s rural areas.

Based on these criteria, applicants can select from **over 2,700 eligible programs**. To review the entire list, please see [CTS ELIGIBLE PROGRAMS](#).

GRADUATE SCHOLARSHIP (GRD)

The 2026 Graduate Scholarship (GRD) Cohort 6 application **will open on March 17 and close on May 12**. The primary goal this year will be to **increase applicant readiness and eligibility while reducing incomplete applications**, in service of the program’s statutory intent to expand the number of advanced health care providers serving medically underserved and rural communities in Washington State. Building on record application growth in recent years, the Awards team is taking a more proactive, applicant-centered approach to clarify, improve accessibility, and make the application process more equitable, while maintaining rigorous selection standards.

Key strategies include **clarifying eligibility requirements earlier in the process**, improving applicant self-screening through clearer guidance on program progression and residency, and **streamlining eligibility review** by collecting academic progress information directly within the application. The team will also strengthen **applicant and recommender communications** by improving instructions, adding reminders, and updating collateral to reduce application drop-off and incomplete submissions. Together, these strategies are designed to improve eligibility and completion rates while ensuring GRD continues to select highly qualified scholars committed to practicing in high-need primary and behavioral health care settings across Washington.

Scholarship Highlights:

	BaS	CTS/RJI	GRD	Total
Total Actual Disbursed 2012 – Present	\$146,973,059	\$27,475,552	\$1,699,481	\$176,148,091
Scholars Enrolled 2025-26	3,702	2,298	45	6,045

SCHOLAR PROGRAMS UPDATE

In January, we conducted our midyear assessment to analyze engagement and the impact of our Scholar Lead, Career Development and Skills that Shine programs. The results and learnings from those surveys are below.

BACCALAUREATE SUPPORT SERVICES

Among first- and second-year BaS Scholars, 51% reported engaging with their Scholar Lead in the midyear survey, with 97% indicating that their Lead has helped them navigate their college experience. At this point in the year, we are off track to meet our year-end goal of 80% engagement. This finding aligns with consistently low engagement reported by Scholar Leads throughout the year, as well as broader engagement challenges observed across other Scholar programming.

As we finalize the organization's strategic plan, we are evaluating potential changes to the Scholar Lead program for the next academic year. The data suggests that current Scholar cohorts may have different needs than previous cohorts, and we want to ensure our programming is responsive to this shift. While planning is ongoing, we anticipate transitioning to a peer mentorship model for BaS Scholars that is more closely aligned with the redesigned CTS Scholar Lead program. We will keep the Board informed as the team finalizes plans this spring.

We recently reopened Skills That Shine mentor matching as a shorter, three-month program, resulting in 82 additional matches and bringing the total to 194 mentor-mentee pairs. While we will fall short of our academic-year sign-up goal, midyear data indicates strong value for participating Scholars, with 100% recommending the program. Looking ahead, we are exploring opportunities to strengthen and evolve our mentorship offerings next academic year to better align with Scholars' needs and engagement preferences.

Engagement in career development resources continues to trend positively. 57% of BaS Scholars reported engaging with WSOS career development resources, and 95% indicated that these resources have been helpful. We are on track to meet our year-end goals in this area. Our partnership with CodePath remains a key driver of engagement, particularly for Computer Science Scholars. A recent CodePath information session for the spring cohort resulted in 42 WSOS Scholars enrolling. In addition, our curated job board, which serves over 1,000 active users from both scholarships, continues to be a valuable resource for connecting Scholars to internships, employment opportunities, and WSOS-specific offerings.

CAREER AND TECHNICAL SUPPORT SERVICES

Midyear survey results provide strong evidence that the redesigned CTS Scholar Lead program is better meeting Scholars' needs. 80% of Scholars reported that their Lead has helped them navigate their college experience, and 95% would recommend the program to their peers. Both metrics exceed midyear targets and indicate the program is well positioned to meet year-end goals. Scholar Leads also track meaningful interactions with Scholars throughout the year and have recorded 400 interactions to date, representing a significant increase in engagement compared to the previous model.

We are currently recruiting mentors and mentees for the CTS Skills That Shine program, now in its second year using an ad-hoc mentorship model that allows Scholars to schedule meetings with mentors as needed. This year, we invested in improving the participant experience by transitioning to MentorCity to manage profiles, scheduling, and meetings, replacing the manual process used previously. Enhanced profile data indicates that Scholars are particularly interested in resume support, interview preparation, job applications, and understanding workplace expectations. Many also aim to build confidence, strengthen communication and leadership skills, expand professional networks, and gain clarity around their career paths. We continue to face challenges in aligning mentor recruitment with mentee demand given the breadth of interests and backgrounds within the CTS Scholar population but will continue to use a targeted recruitment approach to find mentor matches. Finally, CTS career programming is on track to meet year-end goals. 49% of Scholars reported engaging with WSOS career development opportunities with 95% reporting that it supported their development.

As part of the Scholar Ambassador program, two CTS Scholars recently served as keynote speakers at WSOS events, sharing their personal stories and experiences. Malia spoke at the WSOS Steering Committee and Board end-of-year celebration, and Maria presented at an event hosted by Isabel in Tacoma for college deans and administrators, local professionals, and WSOS staff. Both Scholars spoke powerfully about the impact of the scholarship on their academic journeys. By bringing their daughters to the events, they also highlighted the reality that many CTS Scholars are balancing parenting, work, and school.

ADVANCEMENT UPDATE

REVENUE TARGETS

As of February 27, 2025, we have raised \$48,979,474 of our \$75M campaign goal. Year-to-date, we have raised \$2,586,112 in new contributions.

This includes \$252,500 pledged from the M.J. Murdock Charitable Trust and a \$50,000 renewal from the Castner Family. In addition, although not yet reflected in revenue totals, BECU has reaffirmed and increased its support with a \$215,000 gift (\$15,000 designated for OpportunityTalks sponsorship), up from their prior \$123,000 contribution.

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	12%	45%
Donor loyalty	18	60
\$25k to \$1M gifts secured AY 2026	9	20

COMMUNITY ENGAGEMENT AND EVENTS

In January, Isabel hosted a campaign event focused on guests from Tacoma and Pierce County. Attendees included Beth Johnson and Gina Breukelman, along with education, foundation, and nonprofit partners and Opportunity Scholars. The regional focus of this gathering was intentional and effective, allowing for deeper local engagement and relationship-building. This is an approach we plan to replicate with future events as part of our broader cultivation strategy.

Looking ahead, **OpportunityTalks – Future Focus: Washington State’s Next Chapter** is just around the corner on **Monday, May 11, from 11:30 a.m. to 1:00 p.m. at the Sheraton Grand**. This event will mark **15 years of WSOS impact** and highlight how the organization is leading the way into the next chapter of its work. We are excited to celebrate this milestone with partners and supporters while sharing our vision for what comes next.

On the fundraising front, while we have been diligently pursuing new partners, the corporate giving environment continues to be challenging. Corporate sponsorship requests are being declined at a higher rate than in previous years, reflecting broader

market pressures. We have expanded our outreach within the healthcare industry, and a consistent theme has emerged across conversations: industry-wide budget cuts and funding constraints. At the same time, our focused partner cultivation efforts are yielding results, with several long-term and values-aligned partners reaffirming or deepening their engagement with WSOS. Despite these headwinds, we remain focused on relationship-building and positioning WSOS as a high-impact partner aligned with workforce and education priorities.

EXTERNAL AFFAIRS UPDATE

The 2026 BaS application cycle closed with more than 3,500 applications, representing a 16% increase year over year and the highest number of submissions in five years. This total exceeds our annual goal by 1,000 applications, and is 500 more than last year.

Notably, applicants represent all 39 counties statewide, reflecting a strong emphasis on regional equity and coordinated outreach. Ensuring statewide representation was a top priority this cycle, and the results demonstrate meaningful progress toward that goal.

While we did not meet all demographic targets, including first-generation applicant totals, we are proud of the outreach tactics implemented, the relationships strengthened across regions, and the overall growth and geographic reach achieved this year. These efforts position us well for continued refinement and impact in future cycles.

PUBLIC RELATIONS & VISIBILITY

Isabel has been selected to present at the Washington School Counselor Association conference, expanding our direct engagement with high school partners. We are prioritizing additional speaking opportunities this spring, with a goal of securing at least 10 additional appearances before the end of the academic year to further elevate program awareness and impact.

Additionally, the External Affairs team successfully worked with legislators to include WSOS in legislation requiring our scholarship to be promoted within the new statewide digital High School and Beyond Plan platform. As this system is rolled out and mandated across Washington, it will create guaranteed, broad access to WSOS information for students statewide.

LEGISLATIVE SESSION UPDATE

As session nears its conclusion, we continue working with legislative partners to secure inclusion of the \$2.2m state match funding in the final conference budget. While the funding was not included in either the house or senate budgets, we have

launched a new strategy focused on conference negotiations and remain actively engaged with key budget leaders.

We are deeply grateful to Microsoft for their partnership and support on this issue. In addition, our advocacy efforts this session have strengthened relationships across the Legislature, positioning WSOS well for next session and helping build new champions in Olympia as we continue to advance our mission.

DIGITAL MARKETING AND MEDIA COVERAGE

Org Outcomes	Starting audience as of 7/1/24	Current as of 2/25/26	End of academic year goal 6/30/26	Progress towards goal
WSOS media mentions	0	25	33 earned media pieces	75% of goal
ED/Directors appearances in articles, panels, speaking	1/0	4/15 for ED and 5 of 7 for leadership	15 for ED and 7 for other leadership	26% for ED and 71% for leadership
Facebook audience	4,481	4,586	4,700	98% of goal
LinkedIn audience	2,709	3,637	4,000	91% of goal
Instagram audience	1,314	1,836	2,000	92% of goal
Total social media	8,504	10,059	10,700	94% of goal

TOP PERFORMING POSTS:

FACEBOOK

Washington State Opportunity Scholarship
 February 17, 04:11 PM

Ready to apply for the Baccalaureate Scholarship? Here's how to make your essay answers stand out:

- Check out our website for an essay guide
- Share how you explored your field — clubs, YouTube deep dives, research, even career info sessions!
- Tell us how you've found and used resources to overcome challenges
- Remember: We don't score for grammar or writing ability (just make sure your answers are written in English!)

Apply in under 90 minutes → bit.ly/BaS_2026

BACCALAUREATE
SCHOLARSHIP

MARIAH OPPORTUNITY SCHOLAR
 JONATHAN OPPORTUNITY SCHOLAR
 SCHOLASTIC OPPORTUNITY SCHOLAR

APPLY NOW

Analytics

Reach	384	Engagements	15
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Engagements 15

Like	Love	Haha	Wow	Care	Angry
0	0	0	0	0	0

- Reactions: 0
- Comments: 0
- Shares: 1
- Link clicks: 5
- Other clicks: 9

[View all analytics](#)
 1,650 post impressions over the past week

INSTAGRAM

postscholarship • February 10, 08:19 AM

Apply to the Baccalaureate Scholarship for up to \$22,500!

Deadline to apply is 9 p.m. on February 26

bit.ly/BaS_2026

Maurely, Opportunity Scholar

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP
BACCALAUREATE SCHOLARSHIP

🕒 The countdown is on! Applications for the Baccalaureate Scholarship are open until February 26 at 9 p.m. – don't miss this chance to fund your career in STEM or health care.

Ya es hora! Aplicaciones para la beca Baccalaurate de WSOS estan abiertos hasta 26 de febrero a las 9 p.m.--no pierdas esta oportunidad de obtener financiamcieonto para su carrera en STEM or cuidado de salud.

Here's what you need to qualify // elegibilidad requerida:

- ✅ Live in Washington (undocumented students welcome!) // Vive en Washington (¡se aceptan estudiantes indocumentados!)
- ✅ Show financial need (family income ≤125% of WA median) // Demostrar necesidad económica (ingresos familiares ≤125% de la mediana de WA)
- ✅ File the 2026-27 FAFSA or WASFA by the application deadline // Presenta el FAFSA o WASFA 2026-27 antes de la fecha límite de solicitud

Analytics

Views	Engagements
3.12K	92

Organic reach 1.97K

Organic engagement 92

Likes	26
Comments	1
Shares	43
Saves	0

Organic profile activity 19

Profile visits	18
Follows	1

[View all analytics](#)

15,153 post impressions over the past week

LINKEDIN

Washington State Opportunity Scholarship
 February 19, 11:48 AM

Huge thanks to @BenaroyaResearchInstitute (BRI) for hosting Opportunity Scholars with an inspiring on-site career panel exploring research, bioinformatics, and biology!

Scholars toured active labs, learned about current research projects, and saw the impact up close — including a special visit with WSOS alum Stephanie Ryder, now a full-time research technician at BRI. From discovering BRI at a WSOS event to becoming a Scholar Lead, an OpportunityTalks speaker, and a STEM professional, her full-circle journey was a highlight of the day.

We're grateful to BRI for investing in the next generation of Washington researchers!

@Morgan Boyd
 @Hannah DeBerg
 @Amir Figueroa
 @Jessica Hamerman
 @Alice Long
 @Michaela Magnuson
 @Stephanie Ryder
 @Annie Shultz
 @Caroline Stefani
 @Henry Tung
 @Kristin Weinstein

Benaroya Research Institute
 Expanding Research. Improving Health.

Analytics ×

Impressions	1.81K	Engagements	262
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Organic engagement ⓘ 262

👍 Reactions	33	🥰 Reactions	4	👏 Reactions	0	❤️ Reactions	6	💡 Reactions	0	😬 Reactions	0
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👍 Reactions 43
 💬 Comments 1
 ↻ Reposts 4

Organic clicks ⓘ 214

[View all analytics](#)
 2,396 post impressions over the past week

PROGRAM ADMINISTRATOR UPDATE

FINANCE

With the completion of the audit, we are now working with Clark Nuber to complete the annual nonprofit tax form 990. Initial requests were provided in January and follow-up requests were received in February. Target date for completion is the end of March.

To streamline and centralize our policies and procedures, we have combined all our finance related policies into the “Finance Policies and Procedures” document that will be reviewed and approved annually. The WSOSF Board, Finance & Investment Committee, and WSOS Board will review and approve this document in the March meetings. Notably, we added key language around creating an account for short-term investments to improve our financial stewardship with our operating cash flow.

Financial forecasting and budgeting are front and center on our horizon. We are collaborating with the leadership and director teams on identifying key levers, priorities and commitments, and revenue assumptions so we can leverage our resources to improve outcomes.

HUMAN RESOURCES

The HR team has been hard at work improving the staff support experience in two key ways this quarter: first, we implemented some real-time improvements in the talent calibration process for the winter cycle and have made recommendations being considered by the program executive director for future-forward improvements to implement in summer and beyond. Our goal in making these changes is to improve the experience of managers who participate in the process and improve the quality of the feedback received by staff.

Second, HR launched a new compliance training module for all staff that moved the experience from an external, outdated system to an integrated, modern system within our HRIS. Each member of staff will automatically be assigned completion of compliance trainings annually aligned with their anniversary.

IT/DATA & SYSTEMS

We are in the Discovery phase of our North Star Scholar Management System modernization project. The Awards and Programs teams have been instrumental in helping us identify their system requirements, while the Data & Systems team has been working hard to define the data transformations needed for our eventual data migration into the new system with minimal data loss. We expect to complete Discovery at the end of March, after which we will begin an approximately seven-month build and test period, aiming for a Go Live launch in the fall.

We completed an IT and cyber security assessment covering our team, organization, and objectives. The project included a staff survey, site visits, executive interviews, and review of over 450 IT best practices to highlight areas needing improvement. The final presentation outlined actionable steps to strengthen our IT systems and achieve our goals.

F&I Committee Meeting — Q1

March 6, 2026

FINANCE & INVESTMENT COMMITTEE MEETING AGENDA

DATE – TIME

REMOTE

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

Agenda

I.	Meeting Called to Order		Patrick Smith Board Member Committee Chair	10:00am
II.	Approval of Minutes from Jan 6, 2026 Meeting	[Tab A]	Patrick Smith Board Member Committee Chair	10:00- 10:05am
III.	WSIB Quarterly Performance Report	[Tab B]	David Schumacher WSIB	10:05- 10:20am
IV.	State Match Appropriations Process	[Tab C]	Jessica Monger External Affairs Director Melissa O'Keefe Comptroller	10:20- 10:40am
V.	WSOS Program Administrator Update <ul style="list-style-type: none">» Financial Policies and Procedures» Money Market Savings» Renew Jess Peef's seat	[Tab D]	Melissa O'Keefe Comptroller, WSOSF	10:40- 11:00am
VI.	Program Update <ul style="list-style-type: none">» Strategic Planning Update» O-Talks	[Tab E]	Isabel Muñoz-Colón Exec. Director, WSOS Camille Reynaud Managing Dr of Advancement	11:00- 11:20am
VII.	Executive Session (if needed)		Patrick Smith Board Member Committee Chair	11:20- 11:30am
VIII.	Meeting Adjourned		Patrick Smith Board Member Committee Chair	11:30am

Meeting Minutes

1.06.2026

REQUESTED COMMITTEE ACTION

- Vote to approve the 01/06/2026 meeting minutes.

WSOS INVESTMENT AND FINANCE COMMITTEE PERFORMANCE REVIEW – 4Q 2025

MARCH 6, 2026

David Schumacher
Government and Public Affairs Director



WSOS INVESTMENT PROGRAM SUMMARY

DECEMBER 31, 2025



- BaS and CTS funds (30% equity/70% fixed income) returned 1.9% for the quarter
- BaS and CTS returned 12.9% for the 12 months ending December 31
- Endowment (80% equity/20% fixed income) returned 2.9% for the quarter and 19.7% for the one-year period
- Equity funds returned 3.2% for the quarter and 22.4% for the year
- Fixed income funds returned 1.2% for the quarter and 8.8% for the year
- Both equity and bond markets generated solid returns during the quarter
- The Endowment Fund rebalanced \$155,000 from Cash to Fixed Income

- Global equity markets capped off an exceptionally strong 2025 with robust returns in the fourth quarter, fueled by strong corporate earnings in the technology sector
- The U.S. labor market showed signs of weakening during the fourth quarter with rising unemployment and sluggish job creation marking a notable deterioration from earlier in the year
 - The unemployment rate rose to 4.6% in November, which was 0.1% higher than expected and up from 4.4% in September
- November U.S. Consumer Price Index (CPI) figures released in December showed that underlying U.S. inflation rose at the slowest annual pace since early 2021
- The MSCI Developed World IMI returned 3.1% for the quarter, bringing the 1-year return to 21.0%
- Emerging markets continued a recent trend, outpacing developed markets this quarter
 - The MSCI Emerging Markets IMI returned 4.3%, which brought its 1-year return to 31.4%
- The Federal Open Market Committee (the Fed) held two meetings during the quarter and on both occasions they cut interest rates, reducing the benchmark rate from 4.25% to 3.75%
- U.S. Treasury rates were mixed during the fourth quarter, driven largely by Fed activity
 - The 10-year U.S. Treasury yield rose 0.02% to end 2025 at 4.2%
- The Bloomberg Treasury index was up 0.9%, which brought the 1-year return to 6.3%, while the broader Bloomberg U.S. Universal index returned 1.2% during the quarter and 7.6% for the year

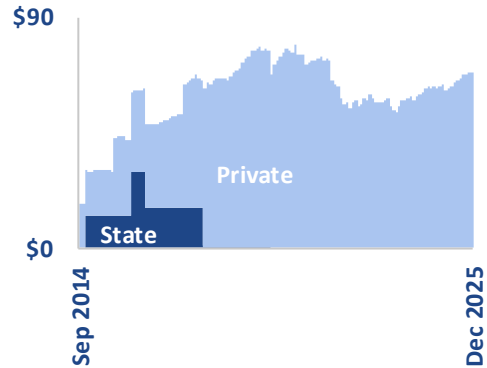
WSOS GROWTH OF ASSETS

DECEMBER 31, 2025

BaS (100% Private)

Private Total	\$68,734,051
Equity	\$22,719,310
Fixed Income	\$45,938,112
Cash	\$76,629

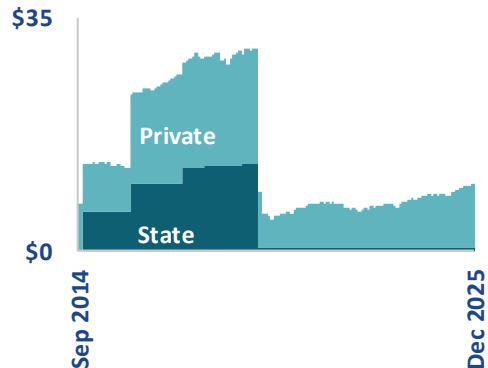
State Match	\$0
Cash	\$0



Endowment (93% Private / 7% State Match)

Private Total	\$9,335,949
Equity	\$7,743,455
Fixed Income	\$1,591,557
Cash	\$937

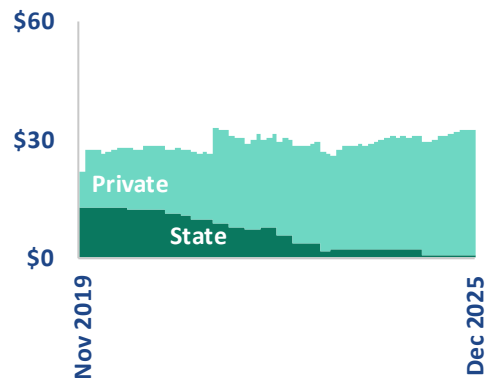
State Match	\$681,830
Cash	\$681,830



CTS (99% Private / 1% State Match)

Private Total	\$32,189,844
Equity	\$10,645,842
Fixed Income	\$21,415,983
Cash	\$128,018

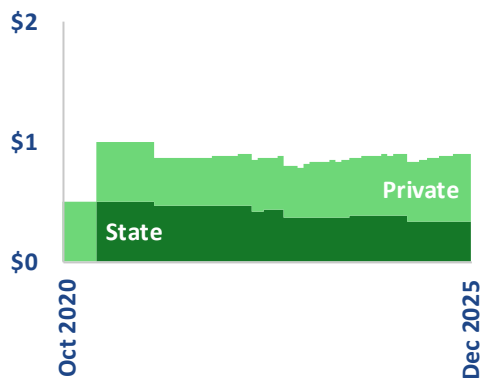
State Match	\$447,785
Cash	\$447,785



GRD (63% Private / 37% State Match)

Private Total	\$564,649
Equity	\$188,531
Fixed Income	\$376,114
Cash	\$3

State Match	\$338,413
Cash	\$338,413



TOTAL MARKET VALUES AND ASSET ALLOCATION

DECEMBER 31, 2025

Private Funds

Equity

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

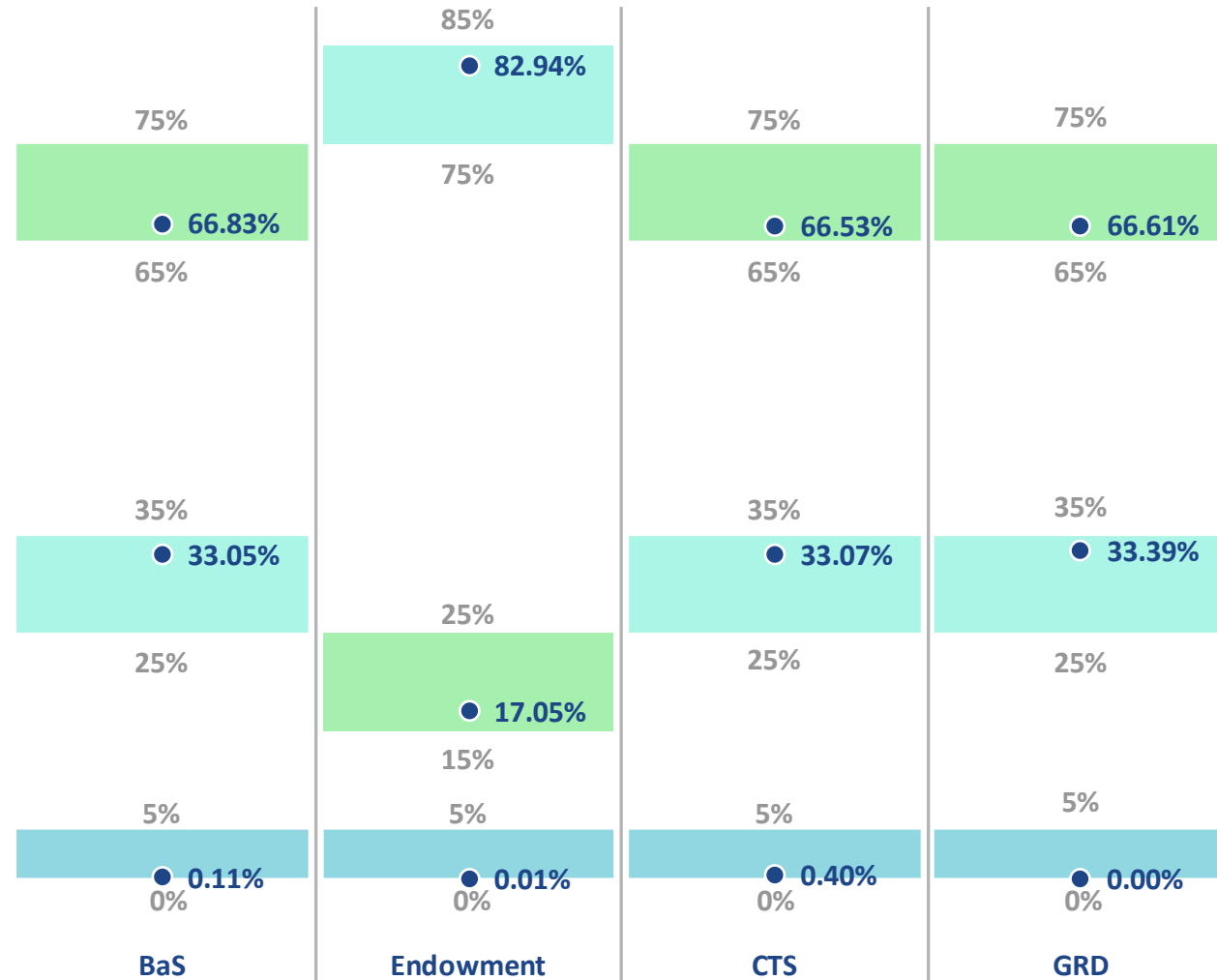
Fixed Income

- 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

■ Cash ■ Equity ■ Fixed Income ● Actual Allocation



FUND PERFORMANCE UPDATES

ALL COLUMNS SHOW PERFORMANCE CALCULATED AS OF DECEMBER 31, 2025

	Annualized				
	Qtr.	1 Year	3 Year	5 Year	Since Inception
BaS					
Private	1.86%	12.93%	10.69%	4.65%	5.70%
Private Benchmark	1.88%	12.13%	10.40%	4.44%	5.59%
State Match	0.00%	0.00%	0.00%	0.00%	0.46%
State Match Benchmark	0.99%	4.23%	4.89%	3.23%	2.00%
Private Funds Benchmark: 30% Equity and 70% Fixed Income. State Match Benchmark: 100% Cash					
Endowment					
Private	2.88%	19.74%	17.60%	9.30%	8.65%
Private Benchmark	2.88%	19.39%	17.43%	9.18%	8.90%
State Match	0.98%	4.14%	4.77%	3.15%	1.89%
State Match Benchmark	0.99%	4.23%	4.89%	3.23%	2.00%
Private Funds Benchmark: 80% Equity and 20% Fixed Income. State Match Benchmark: 100% Cash.					
CTS					
Private	1.85%	12.93%	10.81%	4.75%	5.84%
Private Benchmark	1.88%	12.13%	10.40%	4.44%	5.38%
State Match	0.98%	4.28%	4.82%	3.18%	2.69%
State Match Benchmark	0.99%	4.23%	4.89%	3.23%	2.78%
Private Funds Benchmark: 30% Equity and 70% Fixed Income. State Match Benchmark: 100% Cash					
GRD					
Private	1.86%	12.99%	10.84%	6.68%	6.45%
Private Benchmark	1.88%	12.13%	10.40%	6.44%	6.23%
State Match	0.98%	4.20%	4.79%	N/A	3.30%
State Match Benchmark	0.99%	4.23%	4.89%	3.23%	3.36%
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

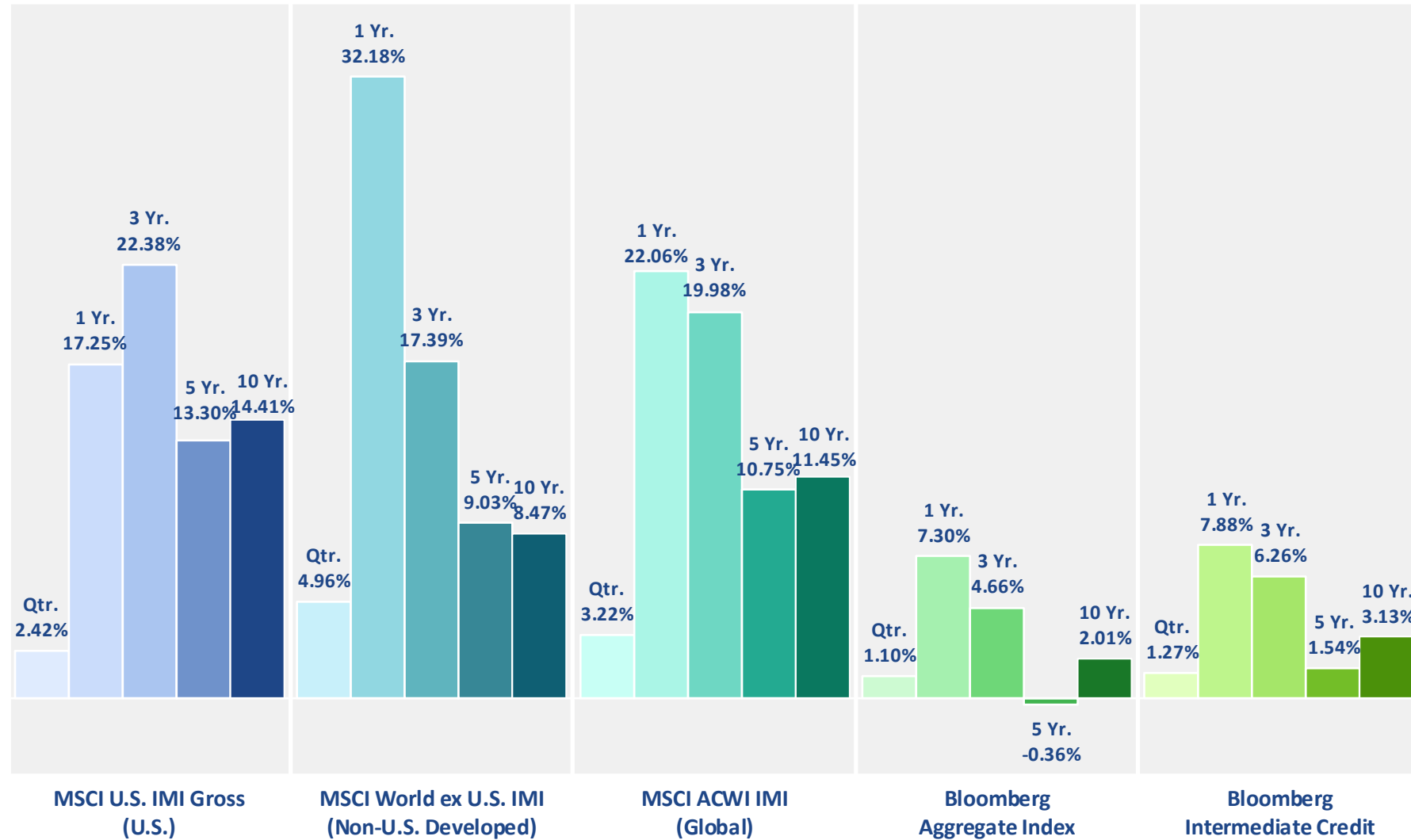
FUND PERFORMANCE UPDATES

ALL COLUMNS SHOW PERFORMANCE CALCULATED AS OF DECEMBER 31, 2025

		Annualized			
	Qtr.	1 Year	3 Year	5 Year	Since Inception
Equity					
BaS	3.24%	22.39%	20.27%	11.02%	10.33%
Endowment	3.23%	22.34%	20.24%	11.01%	10.32%
CTS	3.24%	22.39%	20.24%	11.00%	12.74%
GRD	3.23%	22.37%	20.18%	N/A	20.49%
MSCI ACWI IMI w/ U.S. Gross	3.28%	22.35%	20.29%	11.04%	
Fixed Income					
BaS	1.19%	8.80%	6.71%	1.82%	3.27%
Endowment	1.19%	8.80%	6.71%	1.83%	3.27%
CTS	1.19%	8.80%	6.71%	1.84%	2.92%
GRD	1.19%	8.80%	6.71%	N/A	6.50%
Bloomberg Intermediate Credit	1.27%	7.88%	6.26%	1.54%	

CAPITAL MARKETS AT A GLANCE

DECEMBER 31, 2025

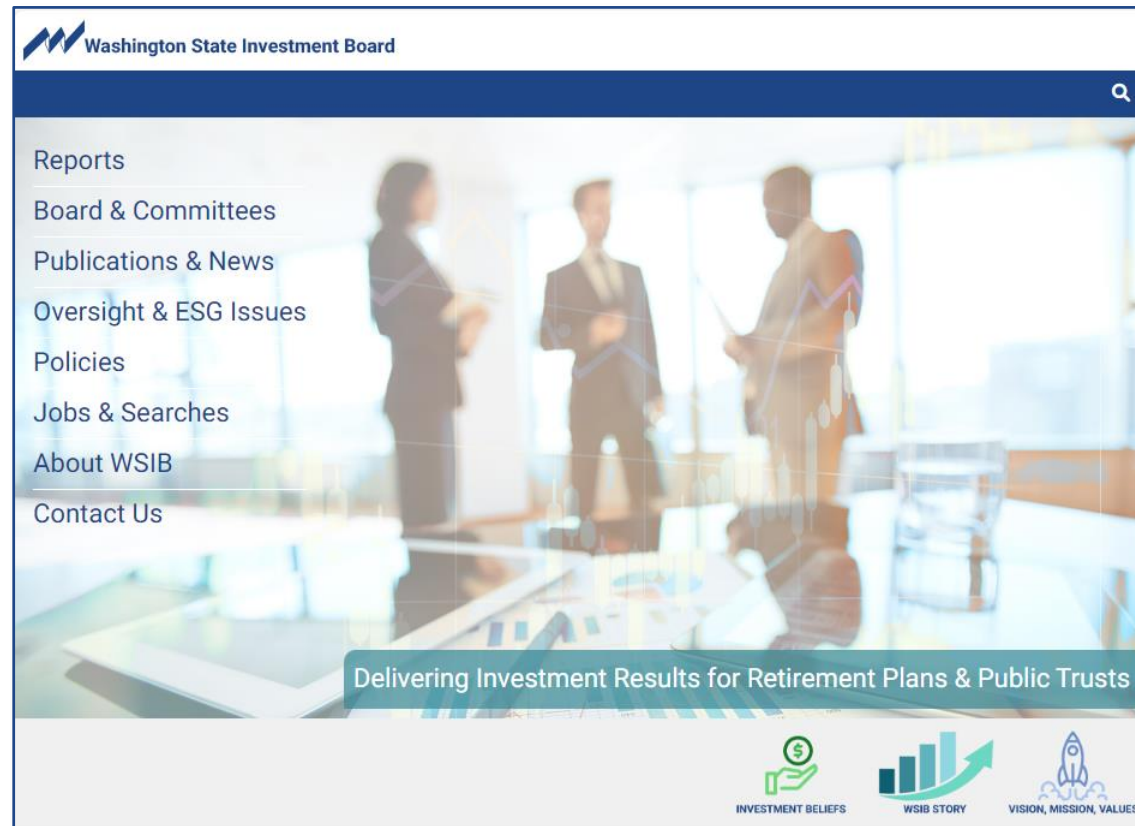


CONTACT INFORMATION

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

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

Phone: (360) 956-4600

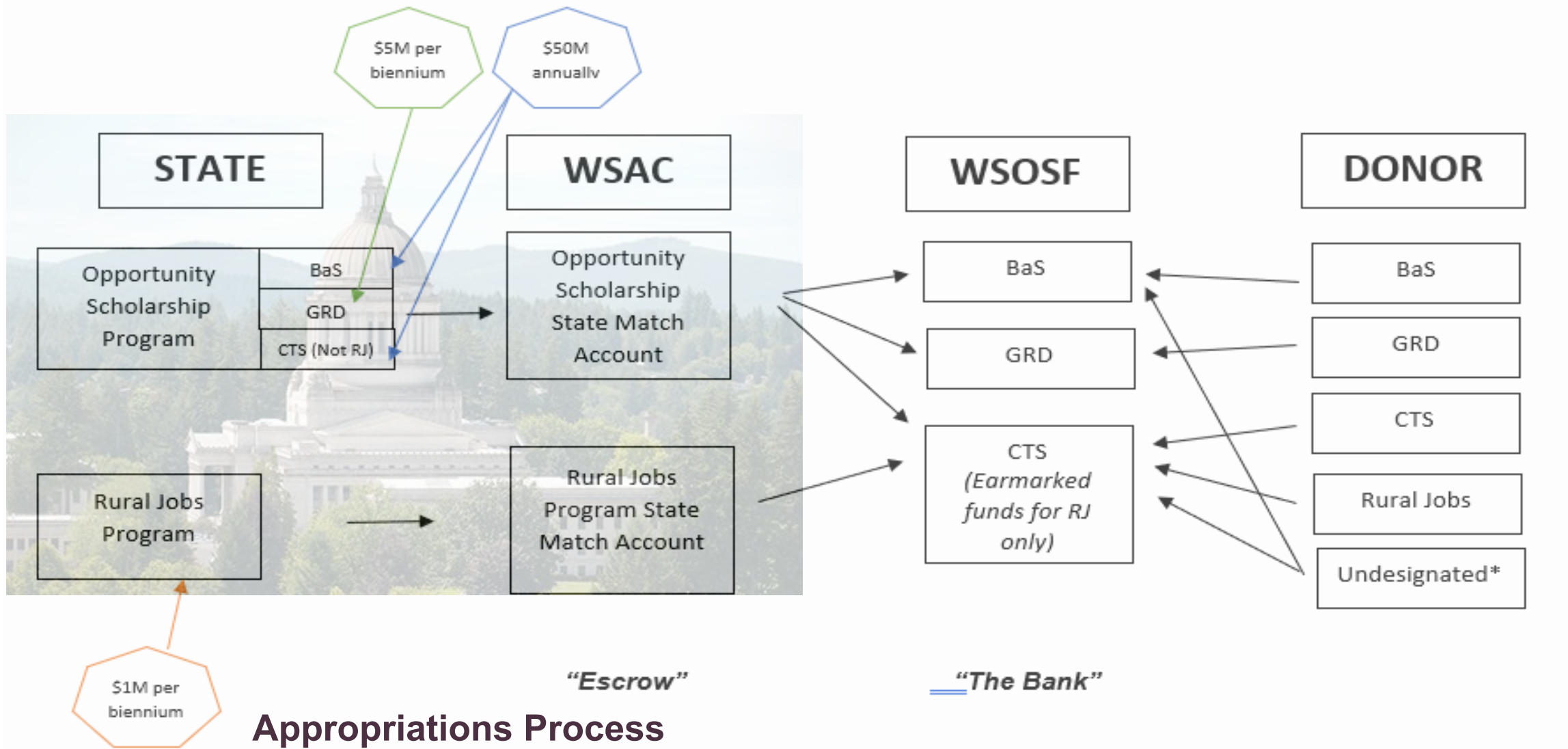


State Match Appropriations Process

Jessica Monger, External Affairs Director
Melissa O'Keefe, Comptroller

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

State Match Process Overview



State Match Appropriations Process

State match is appropriated in the Legislature's biennial budget and trued up in the supplemental budget annually.

Appropriation based on:

- Contributions received
- Confirmed pledges
- Estimated pledges



Key Stakeholders

- Legislative staff
- Governor's office staff
- Legislators

Interpretation discrepancies with projections & prior period adjustments

- Projections
 - Previous allowed but now excluded
 - Legal support to include them and shared with legislative staff
 - Aligned language to statute language of "estimated pledges" and submitted the most recent file with those numbers included but did not get them included in the budget.
- Prior Period Adjustments
 - Current statute procedures allow for a one-year fiscal true up for the prior year
 - Mechanism to receive \$\$ for a prior period adjustment undetermined
- Fiscal Year Appropriations
 - WSAC received half of the biennium budget for us to draw down on instead of fiscal year allocation
 - Results in a shortfall of \$1.5M in accessible funds
 - This will true up in the Jul allocation but causes a disruption in cash flow

Finance & Program Administrator Update

December 31, 2025

Melissa O'Keefe
Comptroller

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

The “Need-to-Know” in One Slide

- **Compiled Financial Policies and Procedures**
 - Handbook style compilation for ease of transparency and audit review
 - Annually reviewed and approved
- **Short-term intermediary investment strategy**
- **Financials are strong – projected to end the year ahead of budget**

Compiled Financial Policies and Procedures Approval

- **Changes**
 - **Supercedes all related financial and investment policies and requires annual review of any changes**
 - Allows for consistency and streamlines technical changes throughout our policies
 - **Role names consistent throughout all policies**
 - Example: "Finance Director" = Comptroller
 - **Creation of Money Market Investment Fund**
 - Current policies details proper authority to make transactions but not explicitly allows them to create/open a fund

Short-Term Investment Strategy

Currently

- Business checking account for current cash flow needs
- Saving account with low interest rate for short term cash flow needs

Proposal (in addition to current strategies)

Government Money Market Fund with JP Morgan Chase

- 3.36% yield
- Daily sweep
- Same day liquidity
- Aligns with Short-Term Investment Policy terms on acceptable investments

REQUESTED COMMITTEE ACTION

- Vote to approve and recommend the Financial Policies and Procedures to WSOS Board.

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

Washington State Opportunity Scholarship

	Budget to Actuals 07/01/2025 - 12/31/2025				
	Annual Budget	YTD Budget	YTD Actual	Actual minus YTD Budget	
Revenues					
Private, Corporate, Foundation	6,245,000	2,606,000	4,721,448	2,115,448	
City - Promise			600,000	600,000	Renton and Tukwila Promise Pledges
State Match	6,245,000	4,445,000	5,901,577	1,456,577	Keeping pace with contributions*
Investment Income	2,602,200	1,301,100	6,668,812	5,367,712	Investments performing higher than budget
Total Revenue	12,490,000	7,051,000	11,223,024	9,539,736	
Program Expense					
Salaries and Benefits	3,846,487	1,920,634	1,790,378	(130,256)	Variance from timing of payroll cycles
Professional Fees - Program Administrator Fees	1,519,032	759,516	759,516	0	
Professional Fees - Contractors & Lobbying	499,504	246,052	237,862	(8,190)	
Conferences, Conventions & Meetings	151,970	33,290	30,037	(3,253)	
Operating Expense	513,122	228,433	185,697	(42,735)	
Scholarship Expense less refunds	18,972,422	12,823,349	6,373,798	(6,449,551)	Variance from timing of reimbursement model shift
Total Expenses					
Net Income (Loss)	(10,410,337)	(7,659,173)	8,514,548	16,173,721	

WSOS Balance Sheet

Washington State Opportunity Scholarship

Balance Sheet as of December 31, 2025

	Quarter Ending	Quarter Ending		
	9/30/2025	12/31/2025		
	Prior QTR	Current QTR	Period difference	
Assets				
Current Assets				
Cash and Cash Equivalents	8,050,068	7,791,449	(258,619)	
Unbilled State Match Revenue	6,787,664	4,006,014	(2,781,650)	Remaining from 25-27 biennium apportionment
Pledges Receivable	12,478,078	10,057,059	(2,421,019)	
Allowance for Doubtful Accounts	316,279	316,279	0	
Total Accounts Receivable, Net	18,949,463	13,746,794	(5,202,669)	
Prepaid Expenses	62,028	75,829	13,801	
Long-term Assets				
Equipment, Lease ROU	65,166	62,614	(2,553)	
Long Term Investments	110,168,297	112,292,521	2,124,225	Investments performing well over the last quarter
Total Assets	137,295,022	133,969,207	(3,325,815)	
Liabilities and Net Assets				
Liabilities				
Short-term Liabilities				
Accounts Payable	9,678	25,285	15,607	
Accrued Liabilities	103,458	113,685	10,226	
Deferred Revenue	6,787,664	4,006,013	(2,781,650)	Offset for unbilled state match
Long Term Liabilities				
Lease ROU	42,176	42,175	0	
Total Liabilities	6,942,975	4,187,159	(2,755,817)	
Net Assets				
Net Assets	121,268,499	121,267,499	0	
Change in Net Assets	9,083,547	8,514,548	(568,999)	
Total Liabilities and Net Assets	137,295,022	133,969,207	(3,325,815)	

WSOS Cash Flow

31-Dec-25

	Inception to reporting Date		
	Scholarship	Endowment	Total
<u>CASH FLOW</u>			
Cash Inflow:			
Corporations	79,851,185		79,851,185
Foundations	31,472,995		31,472,995
Individuals	27,056,544		27,056,544
Other Private	1,738,910		1,738,910
State Match	138,998,465		138,998,465
State Implementation Funds	500,000		500,000
Investment Income*	49,781,686	10,024,868	59,806,554
Total Cash Inflows	329,399,785	10,024,868	339,424,653
Cash Outflow:			
Scholarships	171,213,812		171,213,812
Program Expenses	48,119,782	7,089	48,126,871
Total Cash Outflows	219,333,594	7,089	219,340,683
Net Change to Cash	110,066,191	10,017,779	120,083,970
<u>Composition of Net Cash Flow</u>			
Chase Checking Account	7,791,449	-	7,791,449
Investment Accounts at WSIB	102,274,742	10,017,779	112,292,521
Total	110,066,191	10,017,779	120,083,970

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

Program Update

Isabel Muñoz-Colón, Exec. Director, WSOS

Camille Reynaud, Managing Director of Advancement

OpportunityTalks 2026

- [OpportunityTalks](#) is our annual fundraising event that joins Opportunity Scholars, alums, partners, and incredible supporters for a special program each spring.
- This year's theme is **Future Focus: Washington State's Next Chapter**
 - **Date:** Monday, May 11, 2026
 - **Time:** 11:30am – 1pm
 - **Location:** Sheraton Grand Seattle, 1400 6th Ave, Seattle, WA 98101

Your **involvement** helps make the event a success! Please consider:

- Attending the event
- Hosting a table (8 guests)
- An event sponsorship
- Making a gift to the Challenge Fund



Strategic Planning Process: Phase III



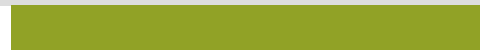
Consult with 50+ stakeholders throughout WA State and nationally – including scholars and alumni

PHASE I: RESEARCH & ENGAGEMENT



11/12: Strategy meeting with WSOS and WSOSF Staff Leadership

DRAFT 1: PARTIAL THEORY OF ACTION – RESULTS



1/15: Strategy development with WSOS and WSOSF Staff Leadership

DRAFT 2: FULL THEORY OF ACTION + STRATEGIC OPTIONS



3/9: Implementation recommendations

FINAL STRATEGIC PLAN



The months and dates in orange indicate when we will be engaging the WSOS Board

WSOS High Level Theory of Action

Problem Statement

What Problem Are We Trying to Solve?

Affordability challenges and other significant barriers prevent Washington students from developing durable skills and completing the credentials needed for high-demand, economically mobile careers—creating a shared gap between talented scholars and the industries depending on them.

Strategic Priorities

What Will WSOS Do To Address the Problem?

- 1. Align Scholarships with Statewide, Community, and Industry Needs
- 2. Strengthen Scholar and Alumni Success from Enrollment to Employment
- 3. Build Employer and Regional Partnerships to Strengthen Credential-to-Employment Pathways
- 4. Advise Systems Level Leaders on Strengthening the Success of WA’s Education-to-Career Ecosystem
- 5. Sustain and Grow WSOS’ Public-Private Investment Model

INTERNAL CROSS-CUTTING ENABLER

6. Keep WSOS a Preferred Workplace while Strengthening the Capacity to Execute with Excellence

Long-term Outcomes

What Will Happen as a Result and By When?

- WSOS scholars consistently complete high-demand credentials and secure living-wage careers in Washington.
- Washington employers have reliable access to diverse, locally trained talent.
- WSOS-supported education and training pathways show stronger alignment with labor-market demand.
- Washington’s education-to-career system operates with fewer barriers and clearer pathways.
- WSOS sustains a scalable, trusted public-private investment model with strong demonstrated ROI.

WSOS operates as a high-performing, adaptive organization with the talent, systems, and culture needed to execute with excellence.

Impact

What is the Ultimate Benefit and For Whom?

Students gain durable skills and earn credentials that lead to high-demand jobs and careers with living wages and real economic mobility, employers have the talent they need to sustain Washington’s economy, and the statewide talent system becomes more resilient and responsive over time -- supported by a strong, sustainable WSOS.

Strategic Planning Process Next Steps

Finalize Theory of Action and Outcomes

- Board vote on final strategy: March 19, 2026

Begin Transition to Implementation Planning

- Identifying key decisions and guardrails to guide implementation planning
- Budgeting for the next fiscal year and building a framework for the next 5 yrs to align with the strategic planning
- Defining timelines and milestones for process including fundraising goals

Staffing Updates



Principal Data Strategist – Trevor Gratz

- Responsible for advanced data analytics, interpreting findings, translating insights to diverse audiences, and supporting evidence-based story telling
- Will be collaborating closely with Data and Systems Team
- Funded through Baller Grant

Senior Executive Assistant – Samantha Snively

- Responsible for providing support to ED acting as liaison to WSOS Program, Foundation, and F&I members; oversee cross-functional projects, and manage office space

Alumni Engagement Manager

- Build strategic statewide program, develop and implement career support programs for alumni post-graduation, and collaborate with advancement team on alumni giving
- Funded through Murdock Grant

Questions?

Executive Session

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.