



Financial Statements

For the Years Ended December 31, 2019 and 2018

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Washington STEM (the Organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2019 and 2018, its activities and changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The program-level information included in the statements of financial position, statements of activities and changes in net assets, and statements of cash flows on pages 3 through 6 and pages 8 and 9, as well as the accompanying schedules of functional expenses by program shown on pages 24 through 25 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Clark Nuber P.S.

Certified Public Accountants
March 31, 2020

WASHINGTON STEM

Statement of Financial Position
December 31, 2019

	Washington STEM	WSOS	Interfund Eliminations	Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ 4,881,801	\$ 1,178,116	\$ -	\$ 6,059,917
Accounts receivable	262,545	3,904		266,449
Interfund receivable	31,288		(31,288)	
Current portion of pledges receivable, net	1,484,253	2,552,327		4,036,580
State match receivable, net		212,082		212,082
Prepaid expenses	60,597	78,150		138,747
Short-term portion of investments		13,689,006		13,689,006
Total Current Assets	6,720,484	17,713,585	(31,288)	24,402,781
Long-term portion of pledges receivable, net	207,684	2,454,270		2,661,954
Long-term portion of investments		98,631,477		98,631,477
Furniture, fixtures and equipment, net	46,031	31,447		77,478
Total Assets	\$ 6,974,199	\$ 118,830,779	\$ (31,288)	\$ 125,773,690
Liabilities and Net Assets				
Liabilities:				
Accounts payable	\$ 53,280	\$ 27,783	\$ -	\$ 81,063
Grants payable	48,495			48,495
Interfund payable		31,288	(31,288)	
Accrued liabilities	435,160	171,556		606,716
Current portion of scholarship liabilities, net		15,785,552		15,785,552
Total Current Liabilities	536,935	16,016,179	(31,288)	16,521,826
Long-term portion of scholarship liabilities, net		17,001,148		17,001,148
Total Liabilities	536,935	33,017,327	(31,288)	33,522,974
Net Assets:				
Net assets without donor restrictions	2,160,202			2,160,202
Net assets with donor restrictions	4,277,062	85,813,452		90,090,514
Total Net Assets	6,437,264	85,813,452		92,250,716
Total Liabilities and Net Assets	\$ 6,974,199	\$ 118,830,779	\$ (31,288)	\$ 125,773,690

See accompanying notes.

WASHINGTON STEM

Statement of Financial Position
December 31, 2018

	Washington STEM	WSOS	Interfund Eliminations	Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ 3,819,852	\$ 1,856,309	\$ -	\$ 5,676,161
Accounts receivable	311,931	46,188		358,119
Interfund receivable	35,951		(35,951)	
Current portion of pledges receivable, net	1,845,000	9,543,424		11,388,424
State match receivable, net		2,960,105		2,960,105
Prepaid expenses	20,550	29,412		49,962
Short-term portion of investments		12,849,755		12,849,755
Total Current Assets	6,033,284	27,285,193	(35,951)	33,282,526
Long-term portion of pledges receivable, net	1,358,696			1,358,696
Long-term portion of investments		93,526,705		93,526,705
Furniture, fixtures and equipment, net	53,246	40,071		93,317
Total Assets	\$ 7,445,226	\$ 120,851,969	\$ (35,951)	\$ 128,261,244
Liabilities and Net Assets				
Liabilities:				
Accounts payable	\$ 47,482	\$ 47,926	\$ -	\$ 95,408
Grants payable	37,500			37,500
Interfund payable		35,951	(35,951)	
Accrued liabilities	275,103	160,307		435,410
Current portion of scholarship liabilities		14,162,074		14,162,074
Total Current Liabilities	360,085	14,406,258	(35,951)	14,730,392
Long-term portion of scholarship liabilities		17,040,961		17,040,961
Total Liabilities	360,085	31,447,219	(35,951)	31,771,353
Net Assets:				
Net assets without donor restrictions	2,141,204			2,141,204
Net assets with donor restrictions-				
Donor restricted funds (Note 7)	4,943,937	61,397,839		66,341,776
Endowment corpus (Note 8)		25,000,000		25,000,000
Endowment accumulated earnings (Note 8)		3,006,911		3,006,911
Total net assets with donor restrictions	4,943,937	89,404,750		94,348,687
Total Net Assets	7,085,141	89,404,750		96,489,891
Total Liabilities and Net Assets	\$ 7,445,226	\$ 120,851,969	\$ (35,951)	\$ 128,261,244

See accompanying notes.

WASHINGTON STEM

Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2019

	Washington STEM	WSOS	Interfund Eliminations	Total
Activity Without Donor Restrictions				
Support and Revenue Without Donor Restrictions:				
Contributions	\$ 457,493	\$ -	\$ -	\$ 457,493
Contract revenue	1,299,209		(513,540)	785,669
Interest income	20,387			20,387
Other income	12,687			12,687
Release from time restrictions	2,210,614			2,210,614
Release from purpose restrictions	1,747,899	21,443,422		23,191,321
Total Support and Revenue Without Donor Restrictions	5,748,289	21,443,422	(513,540)	26,678,171
Expenses:				
Program services	3,584,923	20,249,990		23,834,913
Management and general	1,349,622	659,308	(513,540)	1,495,390
Fundraising	794,746	534,124		1,328,870
Total Expenses	5,729,291	21,443,422	(513,540)	26,659,173
Change in Net Assets Without Donor Restrictions	18,998			18,998
Activity With Donor Restrictions				
Contributions with donor restrictions	3,291,638	679,893		3,971,531
State match revenue		5,246,462		5,246,462
Investment return, net		11,925,769		11,925,769
Release from time restrictions	(2,210,614)			(2,210,614)
Release from purpose restrictions	(1,747,899)	(21,443,422)		(23,191,321)
Change in Net Assets With Donor Restrictions	(666,875)	(3,591,298)		(4,258,173)
Total Change in Net Assets	(647,877)	(3,591,298)		(4,239,175)
Net assets, beginning of year	7,085,141	89,404,750		96,489,891
Net Assets, End of Year	\$ 6,437,264	\$ 85,813,452	\$ -	\$ 92,250,716
Summary Information:				
Total Revenue and Investment Return	\$ 5,081,414	\$ 17,852,124	\$ (513,540)	\$ 22,419,998

See accompanying notes.

WASHINGTON STEM

**Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2018**

	Washington STEM	WSOS	Project Pilgrimage	Interfund Eliminations	Total
Activity Without Donor Restrictions					
Support and Revenue Without Donor Restrictions:					
Contributions	\$ 209,315	\$ -	\$ -	\$ -	\$ 209,315
Contract revenue	1,356,020			(483,489)	872,531
Interest income	19,659				19,659
Other income	15,199				15,199
Release from time restrictions	1,450,000				1,450,000
Release from purpose restrictions	1,532,605	21,740,534			23,273,139
Total Support and Revenue Without Donor Restrictions	4,582,798	21,740,534		(483,489)	25,839,843
Expenses:					
Program services	3,411,941	20,752,140	256,574	(1,500)	24,419,155
Management and general	1,103,146	556,463	21,961	(481,989)	1,199,581
Fundraising	851,856	431,931	1,442		1,285,229
Total Expenses	5,366,943	21,740,534	279,977	(483,489)	26,903,965
Change in Net Assets Without Donor Restrictions	(784,145)		(279,977)		(1,064,122)
Activity With Donor Restrictions					
Contributions with donor restrictions	2,174,015	851,912	169,890		3,195,817
State match revenue		5,376,123			5,376,123
Investment return, net		(3,029,577)			(3,029,577)
Release from time restrictions	(1,450,000)				(1,450,000)
Release from purpose restrictions	(1,532,605)	(21,740,534)			(23,273,139)
Change in Net Assets With Donor Restrictions	(808,590)	(18,542,076)	169,890		(19,180,776)
Change in Net Assets Before Transfer of the Project Pilgrimage Program	(1,592,735)	(18,542,076)	(110,087)		(20,244,898)
Transfer of the Project Pilgrimage program (Note 1)			(2,245,659)		(2,245,659)
Total Change in Net Assets	(1,592,735)	(18,542,076)	(2,355,746)		(22,490,557)
Net assets, beginning of year	8,677,876	107,946,826	2,355,746		118,980,448
Net Assets, End of Year	\$ 7,085,141	\$ 89,404,750	\$ -	\$ -	\$ 96,489,891
Summary Information:					
Total Revenue and Investment Return	\$ 3,774,208	\$ 3,198,458	\$ 169,890	\$ (483,489)	\$ 6,659,067

See accompanying notes.

WASHINGTON STEM

Statements of Functional Expenses
For the Years Ended December 31, 2019 and 2018

For the Year Ended December 31, 2019

	Supporting Services				Total
	Program Services	Management and General	Fundraising	Total Supporting Services	
Scholarships	\$ 17,899,160	\$ -	\$ -	\$ -	\$ 17,899,160
Grants and investments	1,285,855				1,285,855
Salaries, taxes and benefits	3,203,173	796,726	968,362	1,765,088	4,968,261
Consultants and professional services	853,828	429,324	87,064	516,388	1,370,216
Convenings, conferences and travel	205,682	66,220	139,267	205,487	411,169
Operating costs	387,215	203,120	134,177	337,297	724,512
Total Expenses	\$ 23,834,913	\$ 1,495,390	\$ 1,328,870	\$ 2,824,260	\$ 26,659,173

For the Year Ended December 31, 2018

	Supporting Services				Total
	Program Services	Management and General	Fundraising	Total Supporting Services	
Scholarships	\$ 18,585,893	\$ -	\$ -	\$ -	\$ 18,585,893
Grants and investments	769,330				769,330
Salaries, taxes and benefits	3,057,214	749,560	922,893	1,672,453	4,729,667
Consultants and professional services	1,167,658	198,437	191,615	390,052	1,557,710
Convenings, conferences and travel	418,091	23,895	122,248	146,143	564,234
Operating costs	420,969	227,689	48,473	276,162	697,131
Total Expenses	\$ 24,419,155	\$ 1,199,581	\$ 1,285,229	\$ 2,484,810	\$ 26,903,965

See accompanying notes.

WASHINGTON STEM

**Statement of Cash Flows
For the Year Ended December 31, 2019**

	Washington STEM	WSOS	Interfund Eliminations	Total
Cash Flows From Operating Activities:				
Change in net assets	\$ (647,877)	\$ (3,591,298)	\$ -	\$ (4,239,175)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities-				
Depreciation and amortization	26,253	11,414		37,667
Realized and unrealized gains on investments		(11,442,372)		(11,442,372)
Receipt of donated fixed assets	(8,671)			(8,671)
Change in assets and liabilities:				
Accounts receivable	49,386	42,284		91,670
Pledges receivable	1,511,759	4,536,827		6,048,586
State match receivable		2,748,023		2,748,023
Prepaid expenses	(40,047)	(48,738)		(88,785)
Accounts payable	5,798	(20,143)		(14,345)
Grants payable	10,995			10,995
Accrued liabilities	160,057	11,249		171,306
Interfund receivables/payables	4,663	(4,663)		
Scholarship liabilities		1,583,665		1,583,665
Net Cash Provided (Used) by Operating Activities	1,072,316	(6,173,752)		(5,101,436)
Cash Flows From Investing Activities:				
Purchase of investments		(9,362,242)		(9,362,242)
Sales of investments		14,860,591		14,860,591
Purchases of furniture, fixtures and equipment	(10,367)	(2,790)		(13,157)
Net Cash (Used) Provided by Investing Activities	(10,367)	5,495,559		5,485,192
Net Change in Cash and Cash Equivalents	1,061,949	(678,193)		383,756
Cash and cash equivalents, beginning of year	3,819,852	1,856,309		5,676,161
Cash and Cash Equivalents, End of Year	\$ 4,881,801	\$ 1,178,116	\$ -	\$ 6,059,917

See accompanying notes.

WASHINGTON STEM

**Statement of Cash Flows
For the Year Ended December 31, 2018**

	Washington STEM	WSOS	Project Pilgrimage	Interfund Eliminations	Total
Cash Flows From Operating Activities:					
Change in net assets before transfer of the Project Pilgrimage program	\$ (1,592,735)	\$ (18,542,076)	\$ (110,087)	\$ -	\$ (20,244,898)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities, net of the transfer of the Project Pilgrimage program-					
Depreciation and amortization	26,851	8,647			35,498
Realized and unrealized gains on investments		3,532,800			3,532,800
Loss on disposal of assets	1,035				1,035
Change in assets and liabilities:					
Accounts receivable	(96,153)	14,820	3,017		(78,316)
Pledges receivable	1,719,485	4,529,888	345,668		6,595,041
State match receivable		(73,419)			(73,419)
Prepaid expenses	25,398	12,615	2,725		40,738
Accounts payable	(13,815)	(2,664)	(25,348)		(41,827)
Grants payable	(10,500)				(10,500)
Accrued liabilities	(13,509)	28,394	(6,700)		8,185
Interfund receivables/payables	(35,742)	26,371	9,371		
Scholarship liabilities		4,410,456			4,410,456
Net Cash (Used) Provided by Operating Activities	10,315	(6,054,168)	218,646		(5,825,207)
Cash Flows From Investing Activities:					
Purchase of investments		(53,828,148)			(53,828,148)
Sales of investments		60,160,474			60,160,474
Purchases of furniture, fixtures and equipment	(11,770)	(28,374)			(40,144)
Proceeds from sale of assets	1,187				1,187
Net Cash Used by Investing Activities	(10,583)	6,303,952			6,293,369
Transfer of cash with Project Pilgrimage program			(2,245,659)		(2,245,659)
Net Change in Cash and Cash Equivalents	(268)	249,784	(2,027,013)		(1,777,497)
Cash and cash equivalents, beginning of year	3,820,120	1,606,525	2,027,013		7,453,658
Cash and Cash Equivalents, End of Year	\$ 3,819,852	\$ 1,856,309	\$ -	\$ -	\$ 5,676,161

See accompanying notes.

WASHINGTON STEM

Notes to Financial Statements For the Years Ended December 31, 2019 and 2018

Note 1 - Significant Accounting Policies

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

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

WSOS - Washington State Opportunity Scholarship (WSOS) is a public-private partnership established by the Washington State legislature in 2011 under the Revised Code of Washington (RCW) Title 28B.145, Opportunity Scholarship Act, to increase access to high-demand STEM and health care majors for low- and middle-income students through scholarships and academic support. The legislation describes in detail how the program is to be funded and administered. Effective February 1, 2017, the Board of WA STEM approved an interagency contract with the State of Washington's Washington Student Achievement Council (WSAC) and the WSOS Board of Trustees for professional services whereby WA STEM will serve as Program Administrator to the WSOS program. The contract term ends June 30, 2020 with options to extend to future periods if authorized by each party to the agreement. WA STEM and WSOS are currently in discussions to extend the contract. WA STEM is the fiscal sponsor for WSOS; therefore, the balances and activity of the WSOS program are included in the WA STEM financial statements.

During the year ended December 31, 2019, the Career and Technical Scholarship (CTS) was implemented that supports students who pursue a certificate, apprenticeship, or associate degree in trade, STEM, and health care occupations at various community and technical colleges in the state, subject to various restrictions.

Project Pilgrimage - In September 2016, WA STEM entered into an agreement to serve as a fiscal sponsor for Project Pilgrimage. Project Pilgrimage works to enhance equity through access to education. Revenue from this program consisted of purpose restricted contributions. WA STEM served as fiscal sponsor for Project Pilgrimage until April 30, 2018 at which time the program administration was transferred to a different administrator. Management determined that this change did not qualify for treatment as a discontinued operation. As WA STEM was a fiscal sponsor of the Project Pilgrimage program, all activity of Project Pilgrimage through April 30, 2018 is included in these financial statements.

The financial account balances and activities of WA STEM and its sponsored programs, collectively, are referred to throughout these financial statements as "the Organization."

WASHINGTON STEM

Notes to Financial Statements For the Years Ended December 31, 2019 and 2018

Note 1 - Continued

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

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

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or passage of time. As of December 31, 2018, net assets with donor restrictions included donor-restricted endowment funds that were to be maintained in perpetuity; however, the Organization was able to use the income earned on related investments for specific purposes. During the year ended December 31, 2019, the donor released its restriction that the net assets be held in perpetuity; however, the net assets remain restricted for purpose.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets are limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets.

New Accounting Pronouncements - During the year ended December 31, 2019, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2014-09 - *Revenue from Contracts with Customers (Topic 606)* and other related ASUs. These ASUs replaced the existing revenue recognition guidance in U.S. GAAP and require entities to recognize revenues when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. There was no material impact on the Organization's financial statements as a result of implementing the new standards.

During the year ended December 31, 2019, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2018-08 - *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update was issued to clarify and improve the scope and accounting guidance for contributions received and contributions made. The update assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and (2) determining whether a contribution is conditional. There was no material impact on the Organization's financial statements as a result of implementing this new standard. The updates required in the ASU for grants and contributions made are effective for the year ended December 31, 2020, and the Organization will implement those updates in 2020.

During the year ended December 31, 2018, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addressed the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities.

WASHINGTON STEM

Notes to Financial Statements For the Years Ended December 31, 2019 and 2018

Note 1 - Continued

Revenue Recognition -

Contributions - Grants, contracts, and contributions from public and private funders, foundations, and others are recognized as revenue when the donor-imposed conditions, if any, have been met. Unconditional cash contributions are recorded as revenue in the period received, in accordance with donor restrictions. Unconditional promises to give (pledges) are recorded at fair value in the period the promise is received, in accordance with donor-imposed restrictions. In-kind contributions, including donated goods and certain services, are recognized at their fair values on the date received or pledged and consist primarily of donate services. Program grants are recorded as purpose-restricted revenue with release of restrictions upon incurring related expenses. Conditional contributions are recognized as revenue in the period in which the conditions have been satisfied.

WSOS is a public-private partnership created by statute whereby private gifts are matched by contributions to the program from the State of Washington, subject to meeting certain conditions.

Contract Revenue - WA STEM provides professional services to educational institutions, including providing technical assistance and support, leading evaluation activities, and developing processes. Contract revenue also includes fees paid by sponsored programs, including WSOS, to WA STEM for administration of the programs. Revenue from contracts with customers is recognized over time when the service is provided. For cost-reimbursement contracts, the output method is used, whereby revenue is recognized as expenses are incurred under the contract. For flat-fee contracts, revenue is recognized ratably over the term of the contract. For contracts with milestone performance obligations, revenue is recognized when each performance obligation is met.

Contracts receivable are included in accounts receivable on the statements of financial position as follows:

	2018		2019
	January 1	December 31	December 31
Contract accounts receivable	\$ 215,573	\$ 306,408	\$ 261,663

Other Revenue - Program or seminar registration fees that is recognized at a point in time when the event occurs.

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

Pledges Receivable - Pledges receivable, unconditional promises to give, that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in revenue and support in the statements of activities and changes in net assets. Conditional promises to give are recognized when the conditions on which they depend are substantially met. There were no outstanding conditional pledges at December 31, 2019 and 2018.

WASHINGTON STEM

Notes to Financial Statements For the Years Ended December 31, 2019 and 2018

Note 1 - Continued

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

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

Investment securities, in general, are exposed to various risks, including interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that the value of these investments will fluctuate in the near term and that such changes could materially affect the amounts reported in the statement of financial position. Subsequent to year end, the Organization's investment portfolio experienced unrealized losses due to general market volatility.

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

Scholarship Liabilities - Scholarship liabilities for the WSOS program, which includes both the baccalaureate degree and the career and technical scholarships, are estimated using the number of students enrolled in the scholarship program and assumptions regarding retention rates, transfer rates, average spending year-by-year based on historical data, and award amounts used in estimating future scholarship commitments. It is reasonably possible that the Organization's estimates used to calculate scholarship commitments will change in the near term. Scholarship liabilities due in subsequent years are reported at their present value, using risk-adjusted rates applicable to the year in which the liabilities were originally accrued. See Note 6.

Grant and Investment Expense - The Organization awards cash and in-kind grants and contributions in the form of professional services and expertise to tax-exempt organizations to accelerate and support STEM education throughout Washington State. Grant and investment expense is recognized on the statements of activities and changes in net assets as program expense at the time an unconditional commitment is made by the Organization. For in-kind grants, the Organization recognizes as expense the value of granted goods and services at their fair values at the time the grant was made. Grants payable over more than one year are recorded at their discounted present value using a risk-adjusted rate of return. Changes in discounts are recognized over the period of the promise as adjustments to grant expense.

The Organization also makes grants and investments that are conditional upon the recipient organization achieving certain milestones. Conditional grants and investments are recognized as expense in the period the conditions have been satisfied. Conditional grants and investments outstanding totaled \$375,000 and \$1,125,000 at December 31, 2019 and 2018. The conditions are expected to be satisfied during the year ended December 31, 2020.

Vulnerability From Certain Concentrations - Financial instruments that potentially subject the Organization to concentrations of credit and market risk consist primarily of cash and cash equivalents. Cash and cash equivalents and investments held at financial institutions exceeded federally insured limits at times during the years ended December 31, 2019 and 2018.

WASHINGTON STEM

Notes to Financial Statements For the Years Ended December 31, 2019 and 2018

Note 1 - Continued

For the Organization as a whole, for the year ended December 31, 2019, 56% of contribution revenue was from three donors and 89% of its pledges receivable were from two donors. For the year ended December 31, 2018, 47% of contribution revenue was from two donors and 94% of its pledges receivable were from three donors:

WA STEM - For the year ended December 31, 2019, 67% of the WA STEM contribution revenue was from three donors and 80% of its pledges receivable was from one donor. For the year ended December 31, 2018, 67% of the WA STEM contribution revenue was from two donors and 84% of its pledges receivable was from one donor.

WSOS - For the year ended December 31, 2019, 16% of the WSOS contribution revenue was from one donor and 92% of the WSOS pledges receivable balance was from one donor. During the year ended December 31, 2018, 13% of the WSOS contribution revenue was from one donor and 97% of the WSOS pledges receivable balance was from two donors.

Project Pilgrimage - During the year ended December 31, 2018, 29% of Project Pilgrimage contribution revenue was from two donors.

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

Methods Used for Allocation of Expenses Among Program and Support Functions - The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Organization. Those expenses include personnel, rent, travel and conferences, information technology costs, insurance, and depreciation. Personnel costs are allocated based on a time and cost study of where efforts are made. Rent is allocated based off of this personnel cost time study. All other costs are based on the benefit received.

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

Subsequent Events - The Organization has evaluated subsequent events through March 31, 2020, the date on which the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements, nor have any events occurred, the nature of which would require disclosure, except the investment market volatility as discussed in Note 1.

WASHINGTON STEM

Notes to Financial Statements For the Years Ended December 31, 2019 and 2018

Note 2 - Pledges and State Match Receivable

Pledges receivable were as follows at December 31:

	Washington STEM	WSOS	2019 Total	2018 Total
Pledges receivable expected in-				
Less than one year	\$ 1,484,253	\$ 2,552,327	\$ 4,036,580	\$ 11,388,424
One to five years	213,950	2,504,583	2,718,533	1,375,000
	<u>1,698,203</u>	<u>5,056,910</u>	<u>6,755,113</u>	<u>12,763,424</u>
Present value discount	(6,266)	(50,313)	(56,579)	(16,304)
Pledges Receivable	<u>\$ 1,691,937</u>	<u>\$ 5,006,597</u>	<u>\$ 6,698,534</u>	<u>\$ 12,747,120</u>

Pledges receivable with due dates extending beyond one year were discounted using discount rates based on risk adjusted rates of return between 1.20% and 2.05% at December 31, 2019. An allowance for uncollectible pledges was not considered necessary at December 31, 2019 or 2018.

From time to time, the Organization receives contributions from its board members. Contributions from WA STEM board members totaled approximately \$463,000 and \$42,000 for the years ended December 31, 2019 and 2018, respectively. Contributions from WSOS board members totaled approximately \$101,000 and \$81,000 for the years ended December 31, 2019 and 2018, respectively. Pledges outstanding from WA STEM board members totaled \$332,000 and \$100,000 at December 31, 2019 and 2018, respectively. Pledges outstanding from WSOS board members totaled approximately \$5,000,000 and \$7,000,000 at December 31, 2019 and 2018, respectively.

State match receivable was as follows as of and for the years ended December 31:

	2019	2018
State match receivable, beginning balance	\$ 2,960,105	\$ 2,886,686
State match revenue recognized	5,246,462	5,376,123
Cash collected	(8,016,540)	(5,362,704)
Adjustments to allowance	22,055	60,000
State Match Receivable, Ending Balance	<u>\$ 212,082</u>	<u>\$ 2,960,105</u>
State match receivable, gross	\$ 470,477	\$ 3,240,555
Less allowance	(258,395)	(280,450)
State Match Receivable, Net	<u>\$ 212,082</u>	<u>\$ 2,960,105</u>

WASHINGTON STEM

Notes to Financial Statements For the Years Ended December 31, 2019 and 2018

Note 3 - Investments - WSOS

Investments as presented in the statements of financial position consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 18,744,302	\$ 16,736,693
Fixed income-		
US treasury securities		9,080,832
US government bonds	499,585	
Corporate bonds	300,395	3,258,203
Commingled equity index funds	28,333,655	27,376,790
Commingled intermediate credit	64,442,546	49,923,942
Total Investments	<u><u>\$ 112,320,483</u></u>	<u><u>\$ 106,376,460</u></u>

The WA STEM Board and the WSOS Board approve the investment policies for WSOS investments, which were sourced from both private and public funds. These investment policies are guided by and are designed to comply with various State policies which govern the investment of State funds. All WSOS long-term investments are managed by the Washington State Investment Board (WSIB) as of December 31, 2019 and 2018. The investment allocation is reviewed periodically based on program spending forecasts and other considerations.

Investment return is classified as follows for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 545,288	\$ 567,417
Realized and unrealized gains (losses)	11,442,372	(3,532,800)
Investment fees	(61,891)	(64,194)
Total Investment Return, Net	<u><u>\$ 11,925,769</u></u>	<u><u>\$ (3,029,577)</u></u>

Note 4 - Fair Value Measurements

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

WASHINGTON STEM

Notes to Financial Statements For the Years Ended December 31, 2019 and 2018

Note 4 - Continued

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2019 or 2018:

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

Fixed Income Securities, Bonds, and Notes - Fixed income securities are valued using bid valuations from similar instruments in actively quoted markets.

Investments Measured at NAV - Includes commingled investment funds with securities measured at net asset value by WSIB.

Fair Values Measured on a Recurring Basis - Fair values of assets measured on a recurring basis were as follows:

	December 31, 2019			Total
	Level 1	Level 2	Level 3	
Cash and cash equivalents	\$ 18,744,302	\$ -	\$ -	\$ 18,744,302
Fixed income-				
US government bonds		499,585		499,585
Corporate bonds and notes		300,395		300,395
Total Investments in the Fair Value Hierarchy	\$ 18,744,302	\$ 799,980	\$ -	19,544,282
Investments measured at NAV				92,776,201
Total Investments at December 31, 2019				\$ 112,320,483

	December 31, 2018			Total
	Level 1	Level 2	Level 3	
Cash and cash equivalents	\$ 16,736,693	\$ -	\$ -	\$ 16,736,693
Fixed income-				
US treasury securities	9,080,832			9,080,832
Corporate bonds		3,258,203		3,258,203
Total Investments in the Fair Value Hierarchy	\$ 25,817,525	\$ 3,258,203	\$ -	29,075,728
Investments measured at NAV				77,300,732
Total Investments at December 31, 2018				\$ 106,376,460

WASHINGTON STEM

Notes to Financial Statements For the Years Ended December 31, 2019 and 2018

Note 4 - Continued

In accordance with ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)*, certain investments that were measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items in the statements of financial position.

The Organization's investments that are measured at their NAV per share practical expedient consist of commingled equity index funds, and commingled intermediate credit funds. There are no limitations on redemption amounts or frequency.

Note 5 - Furniture, Fixtures and Equipment

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

	Washington STEM	WSOS	2019 Total	2018 Total
Office equipment	\$ 136,842	\$ 35,185	\$ 172,027	\$ 150,199
Furniture and fixtures	16,967	19,504	36,471	36,471
Leasehold improvements	4,768		4,768	4,768
	158,577	54,689	213,266	191,438
Less accumulated depreciation	(112,546)	(23,242)	(135,788)	(98,121)
Furniture, Fixtures and Equipment, Net	\$ 46,031	\$ 31,447	\$ 77,478	\$ 93,317

Note 6 - Scholarship Commitments Liability - WSOS

The WSOS program awards scholarships to qualifying students under the following programs:

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

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

WASHINGTON STEM

Notes to Financial Statements
For the Years Ended December 31, 2019 and 2018

Note 6 - Continued

Scholarship commitments outstanding for these programs are as follows at December 31, 2019:

	Baccalaureate	CTS	Total
Expected to be paid in-			
2020	\$ 14,937,244	\$ 848,308	\$ 15,785,552
2021 through 2024	<u>18,901,182</u>	<u>837,380</u>	<u>19,738,562</u>
Total scholarship commitments	33,838,426	1,685,688	35,524,114
Less discounts to present value (rates of 2 - 3%)	<u>(2,681,857)</u>	<u>(55,557)</u>	<u>(2,737,414)</u>
Scholarship Commitments, Net	<u>\$ 31,156,569</u>	<u>\$ 1,630,131</u>	<u>\$ 32,786,700</u>

Note 7 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at December 31:

	Washington STEM	WSOS	2019 Total	2018 Total
Subject to the Passage of Time or Expenditure for Specified Purpose:				
For periods after December 31	\$ 3,097,572	\$ 4,816,110	\$ 7,913,682	\$ 12,334,846
Purpose restricted	<u>1,179,490</u>	<u>80,997,342</u>	<u>82,176,832</u>	<u>54,006,930</u>
Total Subject to the Passage of Time or Expenditure for Specified Purpose	4,277,062	85,813,452	90,090,514	66,341,776
Endowment Funds:				
Original gifts (corpus)				25,000,000
Accumulated earnings				<u>3,006,911</u>
Total Endowment Funds		-		<u>28,006,911</u>
Total Net Assets With Donor Restrictions	<u>\$ 4,277,062</u>	<u>\$ 85,813,452</u>	<u>\$ 90,090,514</u>	<u>\$ 94,348,687</u>

During the year ended December 31, 2019, a donor elected to remove their perpetual endowment restriction on a previous gift and redirected its \$12.5 million gift to be used to provide additional funding for scholarships, including the Career and Technical Scholarship (Note 7). This gift had been matched by the State, and in accordance with RCW Title 28B.145, Opportunity Scholarship Act, the State matching funds of \$12.5 million were also released from the perpetual endowment. The full \$25 million is restricted subject to expenditure for a specified purpose; therefore, the funds continue to be classified on the statement of financial position as net assets with donor restrictions. See Note 8.

WASHINGTON STEM

Notes to Financial Statements For the Years Ended December 31, 2019 and 2018

Note 8 - WSOS Endowment

The Organization's endowment consisted of one scholarship fund with donor restrictions for the WSOS program's endowment, earnings from which were to provide assistance to undergraduate students enrolled in baccalaureate institutions. As required by U.S. GAAP, net assets associated with endowment funds were classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Board of Directors of the Organization had reviewed the Washington State Prudent Management of Institutional Funds Act (PMIFA) and, having considered its rights and obligations thereunder, had determined that it was desirable to preserve, on a long-term basis, the fair value of original gifts to the endowment as of the gift date, absent explicit donor stipulations to the contrary. As a result of this determination, the Organization retained in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation was added to the fund. The remaining portion of the donor-restricted endowment fund that was not maintained in perpetuity was subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by PMIFA. In accordance with PMIFA, the Organization considered the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the Organization and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Organization; and
- The investment policies of the Organization.

Changes to the donor-restricted endowment fund were as follows for the years ended December 31:

	Endowment Corpus	Accumulated Earnings	Total With Donor Restrictions
Endowment Net Assets, January 1, 2018	\$ 25,000,000	\$ 4,112,313	\$ 29,112,313
Endowment investment return-			
Interest and dividends		218,327	218,327
Realized and unrealized losses		(1,323,729)	(1,323,729)
Total endowment investment return		(1,105,402)	(1,105,402)
Endowment Net Assets, December 31, 2018	25,000,000	3,006,911	28,006,911
Release of endowment restriction by donor	(25,000,000)	(3,006,911)	(28,006,911)
Endowment Net Assets, December 31, 2019	\$ -	\$ -	\$ -

WASHINGTON STEM

Notes to Financial Statements For the Years Ended December 31, 2019 and 2018

Note 8 - Continued

Funds With Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or PMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies at December 31, 2018.

Return Objectives and Risk Parameters - The Organization has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets included those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, as approved by the Board of Directors, and guided by various state policies that govern investment of state funds, the endowment assets were invested in permissible funds to produce results that were measured against standard benchmarks while assuming a moderate level of investment risk. The Organization expected its endowment funds, over time, to provide an average rate of return of approximately 5.5% annually. Actual returns in any given year may have varied from this amount.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Organization relied on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targeted a diversified asset allocation that placed a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy - The Organization, including the WSOS Board of Directors, had implemented a practice of deferring all expenditures from the endowment fund, including for scholarships, for the immediate future.

Note 9 - Office Space Agreements

In July 2010, the Organization entered into a commercial office license agreement for its office facilities with a related party. The original license agreement was for five years and has been subsequently amended several times. As of December 31, 2018, the agreement extends through September 30, 2019, plus one option to extend for an additional year. The Organization notified the lessor of its intent to exercise the available extension option, which extends the term through September 30, 2020 and adds additional office space.

Effective February 1, 2017, the Organization leases office space for the WSOS program. Rent expense under the terms of the lease is approximately \$50,000 per year and will increase by 4% per year through the five-year term of the lease, through 2022.

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

	Related Party Office License	WSOS Office Lease	Total
For the Year Ending December 31,			
2020	\$ 124,501	\$ 71,675	\$ 196,176
2021		69,145	69,145
2022		5,860	5,860
Total Future Minimum License Payments	\$ 124,501	\$ 146,680	\$ 271,181

WASHINGTON STEM

Notes to Financial Statements For the Years Ended December 31, 2019 and 2018

Note 9 - Continued

Facilities expense incurred under the related party office license agreement totaled \$159,147 and \$160,548 for the years ended December 31, 2019 and 2018, respectively. Facilities expense incurred under the WSOS leased office space totaled \$56,981 and \$57,462 for the years ended December 31, 2019 and 2018, respectively.

Note 10 - Retirement Plan

The Organization sponsors a 401(k) employee benefit retirement plan (the Plan) covering all full-time employees who have completed one month of service. Participating employees may make voluntary contributions, and the Organization makes matching contributions equal to 100% of the first 3% of an employee's elective salary deferral, and then 50% of the elective salary deferral in excess of 3% to a maximum of 5%, for a total possible match of 4%. These matching contributions vest immediately. The Organization may also elect to make discretionary contributions to participants pending board approval; however, no such contributions were made for the years ended December 31, 2019 or 2018.

The Organization's matching contributions to the Plan are as follows for the years ended December 31:

	<u>WA STEM</u>	<u>WSOS</u>	<u>2019 Total</u>	<u>2018 Total</u>
Total Matching Contributions	\$ 99,160	\$ 56,828	\$ 155,988	\$ 147,267

Note 11 - Liquidity and Availability of Financial Assets

WA STEM - WA STEM regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds in a money market account. WA STEM has various sources of liquidity at its disposal, including cash and cash equivalents, contracts receivable and pledges receivable. WA STEM is supported by both time and purpose restricted contributions from donors.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, WA STEM considers all expenditures related to its ongoing activities of advancing innovation, policy and advocacy efforts, convening education, business and civic leaders as well as grants and investments undertaken to support those activities to be general expenditures. In addition to financial assets available to meet general expenditures over the next 12 months, WA STEM anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

WA STEM received two \$1,000,000 grants in 2019 that will help accelerate regional impacts in historically underrepresented communities. Of this amount, \$583,334 is internally budgeted for use in 2019 and the remaining amount is intended to be spent as follows: 2020 - \$683,333; 2021 - \$633,333; and 2022 - \$100,000). As such, the amount used in 2019 and the 2021 and 2022 amounts are not available for use in 2020. Furthermore, none of the total current pledges receivable are limited to use by the donor; therefore, the full amount is available in 2020 to meet general expenditures within one year.

Including all financial assets, as of December 31, 2019, WA STEM has a working capital surplus of approximately \$6,100,000 and average of cash on hand for 12 months.

WSOS - The WSOS program's working capital and cash flows are closely monitored throughout the year to fund scholarship disbursements, program enhancements and general operating expenditures while maximizing investment earnings of its available funds. WSOS has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities, commercial paper facilities, state match receivable and pledges receivable.

WASHINGTON STEM

**Notes to Financial Statements
For the Years Ended December 31, 2019 and 2018**

Note 11 - Continued

For purposes of analyzing resources available to meet general expenditures over a 12-month period, WSOS considers all expenditures related to scholarship disbursements, near-peer mentoring program enhancements, and the Opportunity Talks event as well as the services undertaken to support those activities to be general expenditures. In addition to financial assets currently available to meet general expenditures over the next 12 months, WSOS anticipates collecting additional revenue and anticipates the appropriate level of state appropriation to match the estimated new revenues and pledge payments in order to nominate Cohort 9 of Baccalaureate Opportunity Scholars and Cohort 2 of the Career and Technical Scholars.

Including all financial assets, as of December 31, 2019, WSOS has a working capital surplus of approximately \$1,600,000 and average of cash on hand of 8 months.

Financial assets available for general expenditure within one year of December 31, 2019 consists of the following:

	<u>WA STEM</u>	<u>WSOS</u>	<u>2019 Total</u>
Cash and cash equivalents	\$ 4,881,801	\$ 1,178,116	\$ 6,059,917
Accounts receivable	262,545	3,904	266,449
State match receivable, net		212,082	212,082
Interfund receivable	31,288		31,288
Current portion of pledge receivables, net	1,484,253	2,552,327	4,036,580
Short-term portion of investments		13,689,006	13,689,006
Less cash limited as to use	<u>(733,333)</u>		<u>(733,333)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 5,926,554</u>	<u>\$ 17,635,435</u>	<u>\$ 23,561,989</u>

Financial assets available for general expenditure within one year of December 31, 2018 consisted of the following:

	<u>WA STEM</u>	<u>WSOS</u>	<u>2018 Total</u>
Cash and cash equivalents	\$ 3,819,852	\$ 1,856,309	\$ 5,676,161
Accounts receivable	311,931	46,188	358,119
State match receivable, net		2,960,105	2,960,105
Interfund receivable	35,951		35,951
Current portion of pledge receivables, net	1,845,000	9,543,424	11,388,424
Short-term portion of investments		12,849,755	12,849,755
Less cash limited as to use	(600,000)		(600,000)
Less pledges receivable limited as to use	<u>(340,000)</u>		<u>(340,000)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 5,072,734</u>	<u>\$ 27,255,781</u>	<u>\$ 32,328,515</u>

SUPPLEMENTARY INFORMATION

WASHINGTON STEM

Schedule of Functional Expenses - WA STEM Program
For the Year Ended December 31, 2019

	Supporting Services				Total
	Program Services	Management and General	Fundraising	Total Supporting Services	
Grants and investments	\$ 1,285,855	\$ -	\$ -	\$ -	\$ 1,285,855
Salaries, taxes and benefits	1,633,825	753,975	646,532	1,400,507	3,034,332
Consultants and professional services	338,360	377,048	67,009	444,057	782,417
Convenings, conferences and travel	153,845	31,876	14,114	45,990	199,835
Operating costs	173,038	186,723	67,091	253,814	426,852
 Total expenses for WA STEM, excluding the WSOS Program	 3,584,923	 1,349,622	 794,746	 2,144,368	 5,729,291
 Less costs incurred under fiscal sponsor agreements	 	 (513,540)	 	 (513,540)	 (513,540)
 Total Expenses for WA STEM, Excluding the WSOS Program, Net of Costs Incurred Under Fiscal Sponsor Agreements	 <u>\$ 3,584,923</u>	 <u>\$ 836,082</u>	 <u>\$ 794,746</u>	 <u>\$ 1,630,828</u>	 <u>\$ 5,215,751</u>

See independent auditor's report.

WASHINGTON STEM

Schedule of Functional Expenses - Washington State Opportunity Scholarship Program
For the Year Ended December 31, 2019

	Supporting Services				Total
	Program Services	Management and General	Fundraising	Total Supporting Services	
Scholarships	\$ 17,899,160	\$ -	\$ -	\$ -	\$ 17,899,160
Salaries, taxes and benefits	1,569,348	42,751	321,830	364,581	1,933,929
Consultants and professional services	515,468	565,816	20,055	585,871	1,101,339
Convenings, conferences and travel	51,837	34,344	125,153	159,497	211,334
Operating costs	214,177	16,397	67,086	83,483	297,660
Total Expenses for WSOS Program	<u>\$ 20,249,990</u>	<u>\$ 659,308</u>	<u>\$ 534,124</u>	<u>\$ 1,193,432</u>	<u>\$ 21,443,422</u>

See independent auditor's report.