



Financial Statements

For the Years Ended December 31, 2020 and 2019

Table of Contents

	Page
Independent Auditor's Report	1 - 2
Financial Statements:	
Statements of Financial Position	3 - 4
Statements of Activities and Changes in Net Assets	5 - 6
Statements of Functional Expenses	7
Statements of Cash Flows	8 - 9
Notes to Financial Statements	10 - 22
Supplementary Information:	
Schedules of Functional Expenses by Program	23 - 24

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, 2020 and 2019, 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.



T: 425-454-4919
T: 800-504-8747
F: 425-454-4620

10900 NE 4th St
Suite 1400
Bellevue WA
98004

clarknuber.com

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, 2020 and 2019, and 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 audits were 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 23 through 24 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 17, 2021

WASHINGTON STEM

Statement of Financial Position
December 31, 2020

	Washington STEM	WSOS	Interfund Eliminations	Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ 3,306,457	\$ 518,939	\$ -	\$ 3,825,396
Accounts receivable	382,646	62,904		445,550
Interfund receivable	34,957		(34,957)	
Current portion of pledges receivable, net	188,823	2,548,859		2,737,682
State match receivable, net		671,655		671,655
Prepaid expenses	58,684	72,583		131,267
Short-term portion of investments		15,231,757		15,231,757
Total Current Assets	3,971,567	19,106,697	(34,957)	23,043,307
Long-term portion of pledges receivable, net	97,991	12,004		109,995
Long-term portion of investments		96,113,373		96,113,373
Furniture, fixtures and equipment, net	14,980	19,868		34,848
Total Assets	\$ 4,084,538	\$ 115,251,942	\$ (34,957)	\$ 119,301,523
Liabilities and Net Assets				
Liabilities:				
Accounts payable	\$ 16,513	\$ 87,615	\$ -	\$ 104,128
Grants payable	67,032			67,032
Interfund payable		34,957	(34,957)	
Accrued liabilities and other	241,197	155,008		396,205
Current portion of scholarship liabilities, net		14,014,284		14,014,284
Total Current Liabilities	324,742	14,291,864	(34,957)	14,581,649
Long-term portion of scholarship liabilities, net		11,708,809		11,708,809
Total Liabilities	324,742	26,000,673	(34,957)	26,290,458
Net Assets:				
Net assets without donor restrictions	3,113,479			3,113,479
Net assets with donor restrictions	646,317	89,251,269		89,897,586
Total Net Assets	3,759,796	89,251,269		93,011,065
Total Liabilities and Net Assets	\$ 4,084,538	\$ 115,251,942	\$ (34,957)	\$ 119,301,523

See accompanying notes.

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 Activities and Changes in Net Assets
For the Year Ended December 31, 2020

	Washington STEM	WSOS	Interfund Eliminations	Total
Activity Without Donor Restrictions				
Support and Revenue Without Donor Restrictions:				
Contributions	\$ 332,486	\$ -	\$ -	\$ 332,486
Contract revenue	1,592,542		(547,780)	1,044,762
Interest income	6,312			6,312
Other income	2,435	375,000		377,435
Release from time restrictions	2,687,454			2,687,454
Release from purpose restrictions	1,832,372	13,321,743		15,154,115
Total Support and Revenue Without Donor Restrictions	6,453,601	13,696,743	(547,780)	19,602,564
Expenses:				
Program services	3,876,541	12,477,472		16,354,013
Management and general	1,113,352	732,921	(547,780)	1,298,493
Fundraising	510,431	486,350		996,781
Total Expenses	5,500,324	13,696,743	(547,780)	18,649,287
Change in Net Assets Without Donor Restrictions	953,277			953,277
Activity With Donor Restrictions				
Contributions with donor restrictions	889,081	2,460,634		3,349,715
State match revenue		4,388,605		4,388,605
Investment return, net		9,910,321		9,910,321
Release from time restrictions	(2,687,454)			(2,687,454)
Release from purpose restrictions	(1,832,372)	(13,321,743)		(15,154,115)
Change in Net Assets With Donor Restrictions	(3,630,745)	3,437,817		(192,928)
Total Change in Net Assets	(2,677,468)	3,437,817		760,349
Net assets, beginning of year	6,437,264	85,813,452		92,250,716
Net Assets, End of Year	\$ 3,759,796	\$ 89,251,269	\$ -	\$ 93,011,065
Summary Information:				
Total Revenue and Investment Return	\$ 2,822,856	\$ 17,134,560	\$ (547,780)	\$ 19,409,636

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

**Statements of Functional Expenses
For the Years Ended December 31, 2020 and 2019**

For the Year Ended December 31, 2020							
	Program Services			Supporting Services			Total
	Program Services - Scholarships	Program Services - Other	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Scholarships	\$ 10,208,369	\$ -	\$ 10,208,369	\$ -	\$ -	\$ -	\$ 10,208,369
Grants and investments		1,655,639	1,655,639				1,655,639
Salaries, taxes and benefits	1,697,597	1,883,619	3,581,216	909,181	778,979	1,688,160	5,269,376
Consultants and professional services	384,174	162,396	546,570	160,598	101,416	262,014	808,584
Convenings, conferences and travel	11,256	30,072	41,328	16,887	9,987	26,874	68,202
Operating costs	176,076	144,815	320,891	211,827	106,399	318,226	639,117
Total Expenses	\$ 12,477,472	\$ 3,876,541	\$ 16,354,013	\$ 1,298,493	\$ 996,781	\$ 2,295,274	\$ 18,649,287

For the Year Ended December 31, 2019							
	Program Services			Supporting Services			Total
	Program Services - Scholarships	Program Services - Other	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Scholarships	\$ 17,899,160	\$ -	\$ 17,899,160	\$ -	\$ -	\$ -	\$ 17,899,160
Grants and investments		1,285,855	1,285,855				1,285,855
Salaries, taxes and benefits	1,569,348	1,633,825	3,203,173	796,726	968,362	1,765,088	4,968,261
Consultants and professional services	515,468	338,360	853,828	429,324	87,064	516,388	1,370,216
Convenings, conferences and travel	51,837	153,845	205,682	66,220	139,267	205,487	411,169
Operating costs	214,177	173,038	387,215	203,120	134,177	337,297	724,512
Total Expenses	\$ 20,249,990	\$ 3,584,923	\$ 23,834,913	\$ 1,495,390	\$ 1,328,870	\$ 2,824,260	\$ 26,659,173

See accompanying notes.

WASHINGTON STEM

Statement of Cash Flows
For the Year Ended December 31, 2020

	Washington STEM	WSOS	Interfund Eliminations	Total
Cash Flows From Operating Activities:				
Change in net assets	\$ (2,677,468)	\$ 3,437,817	\$ -	\$ 760,349
Adjustments to reconcile change in net assets to net cash used by operating activities-				
Depreciation and amortization	22,381	11,579		33,960
Realized and unrealized gains on investments		(9,862,227)		(9,862,227)
Donation of fixed assets	8,670			8,670
Change in assets and liabilities:				
Accounts receivable	(120,101)	(59,000)		(179,101)
Pledges receivable	1,405,123	2,445,734		3,850,857
State match receivable		(459,573)		(459,573)
Prepaid expenses	1,913	5,567		7,480
Accounts payable	(36,767)	59,832		23,065
Grants payable	18,537			18,537
Accrued liabilities	(193,963)	(16,548)		(210,511)
Interfund receivables/payables	(3,669)	3,669		
Scholarship liabilities		(7,063,607)		(7,063,607)
Net Cash Used by Operating Activities	(1,575,344)	(11,496,757)		(13,072,101)
Cash Flows From Investing Activities:				
Purchase of investments		(820,550)		(820,550)
Sales of investments		11,658,130		11,658,130
Net Cash Provided by Investing Activities		10,837,580		10,837,580
Net Change in Cash and Cash Equivalents	(1,575,344)	(659,177)		(2,234,521)
Cash and cash equivalents, beginning of year	4,881,801	1,178,116		6,059,917
Cash and Cash Equivalents, End of Year	\$ 3,306,457	\$ 518,939	\$ -	\$ 3,825,396

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

Notes to Financial Statements For the Years Ended December 31, 2020 and 2019

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 Directors for professional services whereby WA STEM will serve as Program Administrator to the WSOS program. The contract term has been extended through June 30, 2022 with options to extend to future periods if authorized by each party to the agreement. 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.

During the year ended December 31, 2020, the Rural Jobs Initiative (RJI) Scholarship was implemented within the CTS program to further support students located in rural counties in the state, subject to various restrictions.

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

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

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

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

WASHINGTON STEM

Notes to Financial Statements For the Years Ended December 31, 2020 and 2019

Note 1 - Continued

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, 2020, 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*, for grants 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.

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. 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 receives private gifts that 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 as 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:

	2019		2020
	January 1	December 31	December 31
Contract accounts receivable	\$ 306,408	\$ 261,663	\$ 382,514

WASHINGTON STEM

Notes to Financial Statements For the Years Ended December 31, 2020 and 2019

Note 1 - Continued

Other Revenue - Program or seminar registration fees that are 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, including unconditional promises to give, that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in revenue and support in the statements of activities and changes in net assets. Conditional promises to give are recognized when the conditions on which they depend are met. There were no outstanding conditional pledges at December 31, 2020 and 2019.

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

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

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

Furniture, Fixtures and Equipment - The Organization capitalizes furniture, fixtures and equipment with a value greater than \$2,500, at cost, or at fair value on the date received if donated. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets, ranging from 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 the baccalaureate degree, the CTI and the RJI 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.

The Organization does not consider its scholarship commitments to be conditional, and as such, it records the liability for scholarships when each new cohort is awarded.

WASHINGTON STEM

Notes to Financial Statements For the Years Ended December 31, 2020 and 2019

Note 1 - Continued

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 grants are 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 at December 31, 2020 and 2019 totaled \$2,650,000 and \$375,000, respectively.

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, 2020 and 2019.

For the Organization as a whole, for the year ended December 31, 2020, 54% of contribution revenue was from three donors and 88% of its pledges receivable were from one donor. 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.

WA STEM - For the year ended December 31, 2020, 53% of the WA STEM contribution revenue was from two donors and 89% of its pledges receivable was from two donors. 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.

WSOS - For the year ended December 31, 2020, 61% of the WSOS contribution revenue was from two donors and 98% of the WSOS pledges receivable balance was from one donor. 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.

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.

WASHINGTON STEM

Notes to Financial Statements For the Years Ended December 31, 2020 and 2019

Note 1 - Continued

Reclassification - Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation of the current year financial statements. The reclassifications have no effect on the previously reported change in net assets or net asset balances.

Note 2 - Pledges and State Match Receivable

Pledges receivable were as follows at December 31:

	Washington STEM	WSOS	2020 Total	2019 Total
Pledges receivable expected in-				
Less than one year	\$ 188,823	\$ 2,548,859	\$ 2,737,682	\$ 4,036,580
One to five years	100,000	12,083	112,083	2,718,533
	288,823	2,560,942	2,849,765	6,755,113
Present value discount	(2,009)	(79)	(2,088)	(56,579)
Pledges Receivable	\$ 286,814	\$ 2,560,863	\$ 2,847,677	\$ 6,698,534

Pledges receivable with due dates extending beyond one year were discounted using discount rates based on risk adjusted rates of return between 0.37% and 2.05% at December 31, 2020. An allowance for uncollectible pledges was not considered necessary at December 31, 2020 or 2019.

From time to time, the Organization receives contributions from its board members or their related organizations. Contributions from WA STEM board members totaled approximately \$83,000 and \$463,000 for the years ended December 31, 2020 and 2019, respectively. Contributions from WSOS board members totaled approximately \$1,086,000 and \$101,000 for the years ended December 31, 2020 and 2019, respectively. Pledges outstanding from WA STEM board members totaled approximately \$28,000 and \$332,000 at December 31, 2020 and 2019, respectively. Pledges outstanding from WSOS board members totaled \$2,500,000 and \$5,000,000 at December 31, 2020 and 2019, respectively.

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

	2020	2019
State match receivable, beginning balance	\$ 212,082	\$ 2,960,105
State match revenue recognized	4,388,605	5,246,462
Cash collected	(3,929,515)	(8,016,540)
Adjustments to allowance	483	22,055
State Match Receivable, Ending Balance	\$ 671,655	\$ 212,082
State match receivable, gross	\$ 929,567	\$ 470,477
Less allowance	(257,912)	(258,395)
State Match Receivable, Net	\$ 671,655	\$ 212,082

WASHINGTON STEM

Notes to Financial Statements For the Years Ended December 31, 2020 and 2019

Note 2 - Continued

State match receivable is recorded as revenue when the applicable conditions are met, which may not reflect the full amount awarded. The total amount of unrecognized state match receivable pending was \$506,345 at December 31, 2020. There was no unrecognized state match receivable pending at December 31, 2019.

Note 3 - Investments - WSOS

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

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 17,629,095	\$ 18,744,302
Fixed income-		
US government bonds		499,585
Corporate bonds		300,395
Commingled equity index funds	28,877,801	28,333,655
Commingled intermediate credit	<u>64,838,234</u>	<u>64,442,546</u>
Total Investments	<u>\$ 111,345,130</u>	<u>\$ 112,320,483</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, 2020 and 2019. 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>2020</u>	<u>2019</u>
Interest and dividends	\$ 112,146	\$ 545,288
Realized and unrealized gains	9,862,227	11,442,373
Investment fees	<u>(64,052)</u>	<u>(61,892)</u>
Total Investment Return, Net	<u>\$ 9,910,321</u>	<u>\$ 11,925,769</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, 2020 and 2019

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, 2020 or 2019:

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

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

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

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

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 17,629,095	\$ -	\$ -	\$ 17,629,095
Commingled equity index funds		28,877,801		28,877,801
Commingled intermediate credit		64,838,234		64,838,234
Total Investments at December 31, 2020	\$ 17,629,095	\$ 93,716,035	\$ -	\$ 111,345,130
	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 18,744,302	\$ -	\$ -	\$ 18,744,302
Fixed income-				
US treasury securities		499,585		499,585
Corporate bonds		300,395		300,395
Commingled equity index funds		28,333,655		28,333,655
Commingled intermediate credit		64,442,546		64,442,546
Total Investments at December 31, 2019	\$ 18,744,302	\$ 93,576,181	\$ -	\$ 112,320,483

WASHINGTON STEM

Notes to Financial Statements For the Years Ended December 31, 2020 and 2019

Note 5 - Furniture, Fixtures and Equipment

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

	Washington STEM	WSOS	2020 Total	2019 Total
Office equipment	\$ 128,172	\$ 35,185	\$ 163,357	\$ 172,027
Furniture and fixtures	16,967	19,504	36,471	36,471
Leasehold improvements	4,768		4,768	4,768
	149,907	54,689	204,596	213,266
Less accumulated depreciation	(134,927)	(34,821)	(169,748)	(135,788)
Furniture, Fixtures and Equipment, Net	\$ 14,980	\$ 19,868	\$ 34,848	\$ 77,478

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.

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

Scholarship commitments outstanding for these programs are as follows at December 31, 2020:

	Baccalaureate	CTS	RJI	Total
Expected to be paid in-				
2021	\$ 12,079,262	\$ 1,900,183	\$ 34,839	\$ 14,014,284
2022 through 2025	12,391,488	1,237,135	28,547	13,657,170
Total scholarship commitments	24,470,750	3,137,318	63,386	27,671,454
Less discounts to present value (rates of 2 - 3%)	(1,861,126)	(79,328)	(7,907)	(1,948,361)
Scholarship Commitments, Net	\$ 22,609,624	\$ 3,057,990	\$ 55,479	\$ 25,723,093

WASHINGTON STEM

Notes to Financial Statements For the Years Ended December 31, 2020 and 2019

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	2020 Total	2019 Total
Purpose and time restricted	\$ 431,876	\$ 3,295,018	\$ 3,726,894	\$ 7,913,682
Purpose restricted	214,441	85,956,251	86,170,692	82,176,832
Total Net Assets With Donor Restrictions	\$ 646,317	\$ 89,251,269	\$ 89,897,586	\$ 90,090,514

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 6). 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 continued to be classified on the statements of financial position as net assets with donor restrictions. See Note 8.

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.

WASHINGTON STEM

Notes to Financial Statements For the Years Ended December 31, 2020 and 2019

Note 8 - Continued

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, 2019	\$ 25,000,000	\$ 3,006,911	\$ 28,006,911
Release of endowment restriction by donor	<u>(25,000,000)</u>	<u>(3,006,911)</u>	<u>(28,006,911)</u>
Endowment Net Assets, December 31, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Endowment Net Assets, December 31, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2020 or 2019.

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, 2019, the agreement extends through September 30, 2023.

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.

WASHINGTON STEM

Notes to Financial Statements For the Years Ended December 31, 2020 and 2019

Note 9 - Continued

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

	WA STEM <u>Office License</u>	WSOS <u>Office Lease</u>	<u>Total</u>
For the Year Ending December 31,			
2021	\$ 160,745	\$ 58,145	\$ 218,890
2022	165,568	4,860	170,428
2023	<u>126,950</u>		<u>126,950</u>
Total Future Minimum License Payments	<u>\$ 453,263</u>	<u>\$ 63,005</u>	<u>\$ 516,268</u>

Facilities expense incurred under the office license agreement totaled \$153,873 and \$159,147 for the years ended December 31, 2020 and 2019, respectively. Facilities expense incurred under the WSOS leased office space totaled \$70,301 and \$56,981 for the years ended December 31, 2020 and 2019, 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, 2020 or 2019.

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>2020 Total</u>	<u>2019 Total</u>
Total Matching Contributions	\$ 98,734	\$ 58,726	\$ 157,460	\$ 155,988

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.

WASHINGTON STEM

Notes to Financial Statements For the Years Ended December 31, 2020 and 2019

Note 11 - Continued

WA STEM received two \$1,000,000 grants in 2019 to help accelerate regional impacts in historically underrepresented communities. Of this amount, \$583,334 was internally budgeted for use in 2019 and the remaining amount was intended to be spent during 2020 through 2022. Due to the COVID-19 pandemic (Note 12), both donors agreed to accelerate the use of the grants as follows: 2019 - \$583,334; 2020 - \$1,216,666; and 2021 - \$200,000. This new schedule allows for WA STEM to engage with both donors in 2021 to secure new multi-year funding.

WA STEM received a three-year pledge at the end of 2017 from a cornerstone donor in the amount of \$4,050,000. This pledge was paid in increments of \$1,350,000 per year and was fully paid as of December 31, 2020. A renewed multi-year pledge from this donor is expected in 2021 at an amount similar to the previous pledge; however, a commitment from the donor has not yet been secured.

To help shore up the short-term budget needs of the organization, WA STEM applied for and received funding from the Paycheck Protection Program (Note 12) in February 2021 in the amount of \$501,170. This funding, along with current assets and secured contract revenues in 2021, will provide budget support until the aforementioned grants and contributions are secured to support the remaining portion of the 2021 budget.

Including all financial assets, as of December 31, 2020, WA STEM has a working capital surplus of approximately \$3,600,000 and average of cash on hand for 7 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.

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 10 of Baccalaureate Opportunity Scholars, Cohort 3 of the Career and Technical Scholars, Cohort 2 of the Rural Jobs Initiative Scholars, and Cohort 1 of the Graduate Degree Scholars. The State appropriation needed to match private contributions received in 2021 and not yet pledged by February 1, 2021 may not be available until July 1, 2022. This is due to the 2018 changes to the legislation whereby WSOS can request appropriations up to the amount of unmatched private contributions plus pledge payments received within the current fiscal year. Prior to this legislative change, WSOS could include an estimated projection of unknown pledge payments and other private cash donations.

Including all financial assets, as of December 31, 2020, WSOS has a working capital surplus of approximately \$4,800,000 and average of cash on hand of 14 months. WSOS has the ability to utilize long-term investments for use in short-term scholarship needs as approved by the WSOS Board of Directors.

WASHINGTON STEM

Notes to Financial Statements For the Years Ended December 31, 2020 and 2019

Note 11 - Continued

Financial assets available for general expenditure within one year of December 31, 2020 consists of the following:

	<u>WA STEM</u>	<u>WSOS</u>	<u>2020 Total</u>
Cash and cash equivalents	\$ 3,306,457	\$ 518,939	\$ 3,825,396
Accounts receivable	382,646	62,904	445,550
State match receivable, net		671,655	671,655
Interfund receivable	34,957		34,957
Current portion of pledge receivables, net	188,823	2,548,859	2,737,682
Short-term portion of investments		15,231,757	15,231,757
	<u> </u>	<u> </u>	<u> </u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 3,912,883</u>	<u>\$ 19,034,114</u>	<u>\$ 22,946,997</u>

Financial assets available for general expenditure within one year of December 31, 2019 consisted 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	(733,333)		(733,333)
	<u> </u>	<u> </u>	<u> </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>

Note 12 - Subsequent Events

The Organization has evaluated subsequent events through March 17, 2021, 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 as described below.

In response to the COVID-19 pandemic, the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Securities Act (CARES Act). Included in the CARES Act was the Paycheck Protection Program (PPP) to provide loans to qualifying small businesses and not-for-profit organizations to cover certain eligible expenses. On February 25, 2021, the Organization obtained a loan under the PPP with a principal balance of \$501,170 and an annual interest rate of 1%. Principal and interest are payable in monthly installments beginning December 25, 2021 through maturity on February 25, 2026. All or a portion of the PPP loan may be forgiven if certain terms and conditions of the program are met.

SUPPLEMENTARY INFORMATION

WASHINGTON STEM

Schedule of Functional Expenses - Washington STEM Program
For the Year Ended December 31, 2020

	Supporting Services				Total
	Program Services	Management and General	Fundraising	Total Supporting Services	
Grants and investments	\$ 1,655,639	\$ -	\$ -	\$ -	\$ 1,655,639
Salaries, taxes and benefits	1,883,619	794,263	445,288	1,239,551	3,123,170
Consultants and professional services	162,396	133,465	24,900	158,365	320,761
Convenings, conferences and travel	30,072	9,054	802	9,856	39,928
Operating costs	144,815	176,570	39,441	216,011	360,826
Total expenses for the WA STEM program	3,876,541	1,113,352	510,431	1,623,783	5,500,324
Less costs reimbursed by the WSOS program		(547,780)		(547,780)	(547,780)
Total Expenses for the WA STEM Program, Net of Costs Reimbursed By the WSOS Program	<u>\$ 3,876,541</u>	<u>\$ 565,572</u>	<u>\$ 510,431</u>	<u>\$ 1,076,003</u>	<u>\$ 4,952,544</u>

See independent auditor's report.

WASHINGTON STEM

Schedule of Functional Expenses - Washington State Opportunity Scholarship (WSOS) Program
For the Year Ended December 31, 2020

	Supporting Services				Total
	Program Services	Management and General	Fundraising	Total Supporting Services	
Scholarships	\$ 10,208,369	\$ -	\$ -	\$ -	\$ 10,208,369
Salaries, taxes and benefits	1,697,597	114,918	333,691	448,609	2,146,206
Consultants and professional services	384,174	574,913	76,516	651,429	1,035,603
Convenings, conferences and travel	11,256	7,833	9,185	17,018	28,274
Operating costs	176,076	35,257	66,958	102,215	278,291
Total Expenses for the WSOS Program	<u>\$ 12,477,472</u>	<u>\$ 732,921</u>	<u>\$ 486,350</u>	<u>\$ 1,219,271</u>	<u>\$ 13,696,743</u>

See independent auditor's report.