



Financial Statements

For the Years Ended December 31, 2022 and 2021

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## Independent Auditor's Report

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

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Washington STEM (the Organization), which comprise the statements of financial position as of December 31, 2022 and 2021, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Emphasis of Matter - Discontinued Operations

As discussed in Note 1 to the financial statements, during the year ended December 31, 2022, the Organization transitioned activities of a program for which it served as Program Administrator. Our opinion is not modified with respect to this matter.

### Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, and related ASUs, for the year ended December 31, 2022. Our opinion is not modified with respect to this matter.



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## **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

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

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

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The program-level information included in the statements of financial position, statements of activities and changes in net assets, and statement of cash flows on pages 4 through 11, as well as the accompanying schedules of functional expense by program shown on pages 26 through 27 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 29, 2023

WASHINGTON STEM

Statement of Financial Position  
December 31, 2022

	Washington STEM	WSOS - Discontinued Operations	Interfund Eliminations	Total
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 5,372,125	\$ -	\$ -	\$ 5,372,125
Accounts receivable	524,423			524,423
Conditional grants receivable	124,000			124,000
Current portion of pledges receivable, net	1,466,158			1,466,158
Prepaid expenses	76,092			76,092
Right-of-use asset - operating	86,529			86,529
<b>Total Current Assets</b>	<b>7,649,327</b>			<b>7,649,327</b>
Long-term portion of pledges receivable, net	31,058			31,058
Furniture, fixtures and equipment, net	16,244			16,244
<b>Total Assets</b>	<b>\$ 7,696,629</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,696,629</b>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ 39,646	\$ -	\$ -	\$ 39,646
Grants payable	65,177			65,177
Accrued liabilities and other	253,483			253,483
Lease liability - operating	89,104			89,104
<b>Total Current Liabilities</b>	<b>447,410</b>			<b>447,410</b>
<b>Net Assets:</b>				
Net assets without donor restrictions	4,399,526			4,399,526
Net assets with donor restrictions	2,849,693			2,849,693
<b>Total Net Assets</b>	<b>7,249,219</b>			<b>7,249,219</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 7,696,629</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,696,629</b>

See accompanying notes.

WASHINGTON STEM

Statement of Financial Position  
December 31, 2021

	Washington STEM	WSOS - Discontinued Operations	Interfund Eliminations	Total
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 5,455,386	\$ 409,914	\$ -	\$ 5,865,300
Accounts receivable	316,508	137,998		454,506
Interfund receivable	44,804		(44,804)	
Current portion of pledges receivable, net	2,493,873	6,693,214		9,187,087
State match receivable, net		118,687		118,687
Prepaid expenses	71,775	45,590		117,365
Short-term portion of investments		10,434,689		10,434,689
<b>Total Current Assets</b>	<b>8,382,346</b>	<b>17,840,092</b>	<b>(44,804)</b>	<b>26,177,634</b>
Long-term portion of pledges receivable, net	1,455,428	20,922,118		22,377,546
Long-term portion of investments		96,376,008		96,376,008
Furniture, fixtures and equipment, net	19,837	11,058		30,895
<b>Total Assets</b>	<b>\$ 9,857,611</b>	<b>\$ 135,149,276</b>	<b>\$ (44,804)</b>	<b>\$ 144,962,083</b>
<b>Liabilities and Net Assets</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 32,750	\$ 82,758	\$ -	\$ 115,508
Grants payable	65,977			65,977
Interfund payable		44,804	(44,804)	
Accrued liabilities	317,004	168,648		485,652
Current portion of scholarship liabilities, net		12,335,971		12,335,971
<b>Total Current Liabilities</b>	<b>415,731</b>	<b>12,632,181</b>	<b>(44,804)</b>	<b>13,003,108</b>
Long-term portion of scholarship liabilities, net		8,195,780		8,195,780
<b>Total Liabilities</b>	<b>415,731</b>	<b>20,827,961</b>	<b>(44,804)</b>	<b>21,198,888</b>
<b>Net Assets:</b>				
Net assets without donor restrictions	3,851,297			3,851,297
Net assets with donor restrictions	5,590,583	114,321,315		119,911,898
<b>Total Net Assets</b>	<b>9,441,880</b>	<b>114,321,315</b>		<b>123,763,195</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 9,857,611</b>	<b>\$ 135,149,276</b>	<b>\$ (44,804)</b>	<b>\$ 144,962,083</b>

See accompanying notes.

WASHINGTON STEM

Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2022

	Washington STEM	WSOS - Discontinued Operations	Interfund Eliminations	Total
<b>Activity Without Donor Restrictions</b>				
<b>Support and Revenue Without Donor Restrictions:</b>				
Contributions	\$ 562,368	\$ -	\$ -	\$ 562,368
Contract revenue	1,969,120		(479,064)	1,490,056
Interest income	3,306			3,306
Other income	144,219	180,614		324,833
Release from time restrictions	2,497,366			2,497,366
Release from purpose restrictions	1,546,212	18,091,652		19,637,864
<b>Total Support and Revenue Without Donor Restrictions</b>	<b>6,722,591</b>	<b>18,272,266</b>	<b>(479,064)</b>	<b>24,515,793</b>
<b>Expenses:</b>				
Program services	4,450,688	16,965,579		21,416,267
Management and general	1,269,557	816,493	(479,064)	1,606,986
Fundraising	454,117	490,194		944,311
<b>Total Expenses</b>	<b>6,174,362</b>	<b>18,272,266</b>	<b>(479,064)</b>	<b>23,967,564</b>
<b>Change in Net Assets Without Donor Restrictions</b>	<b>548,229</b>			<b>548,229</b>
<b>Activity With Donor Restrictions</b>				
Contributions with donor restrictions	1,302,688	796,214		2,098,902
State match revenue		8,371,104		8,371,104
Investment return, net		(9,999,813)		(9,999,813)
Release from time restrictions	(2,497,366)			(2,497,366)
Release from purpose restrictions	(1,546,212)	(18,091,652)		(19,637,864)
<b>Change in Net Assets With Donor Restrictions</b>	<b>(2,740,890)</b>			<b>(2,740,890)</b>
<b>Change in Net Assets From Discontinued Operations</b>		<b>(18,924,147)</b>		<b>(18,924,147)</b>
<b>Total Change in Net Assets</b>	<b>(2,192,661)</b>	<b>(18,924,147)</b>		<b>(21,116,808)</b>
Net assets, beginning of year	9,441,880	114,321,315		123,763,195
Loss on transfer of program to a new program administrator		(95,397,168)		(95,397,168)
<b>Net Assets, End of Year</b>	<b>\$ 7,249,219</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,249,219</b>
<b>Summary Information:</b>				
<b>Total Revenue and Investment Return</b>	<b>\$ 3,981,701</b>	<b>\$ (651,881)</b>	<b>\$ (479,064)</b>	<b>\$ 2,850,756</b>

See accompanying notes.



WASHINGTON STEM

Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2021

	Washington STEM	WSOS - Discontinued Operations	Interfund Eliminations	Total
<b>Activity Without Donor Restrictions</b>				
<b>Support and Revenue Without Donor Restrictions:</b>				
Contributions	\$ 515,464	\$ -	\$ -	\$ 515,464
Contract revenue	1,861,459		(573,942)	1,287,517
Interest income	376			376
Other income	1,796	125,000		126,796
Release from time restrictions	2,877,323			2,877,323
Release from purpose restrictions	946,923	14,929,357		15,876,280
<b>Total Support and Revenue Without Donor Restrictions</b>	<b>6,203,341</b>	<b>15,054,357</b>	<b>(573,942)</b>	<b>20,683,756</b>
<b>Expenses:</b>				
Program services	3,840,748	13,454,297		17,295,045
Management and general	1,151,772	788,237	(573,942)	1,366,067
Fundraising	473,002	811,823		1,284,825
<b>Total Expenses</b>	<b>5,465,522</b>	<b>15,054,357</b>	<b>(573,942)</b>	<b>19,945,937</b>
<b>Change in Net Assets Without Donor Restrictions</b>	<b>737,819</b>			<b>737,819</b>
<b>Activity With Donor Restrictions</b>				
Contributions with donor restrictions	8,768,511	32,287,290		41,055,801
State match revenue		3,744,211		3,744,211
Investment return, net		3,967,902		3,967,902
Release from time restrictions	(2,877,323)			(2,877,323)
Release from purpose restrictions	(946,923)	(14,929,357)		(15,876,280)
<b>Change in Net Assets With Donor Restrictions</b>	<b>4,944,265</b>			<b>4,944,265</b>
<b>Change in Net Assets From Discontinued Operations</b>		<b>25,070,046</b>		<b>25,070,046</b>
<b>Total Change in Net Assets</b>	<b>5,682,084</b>	<b>25,070,046</b>		<b>30,752,130</b>
Net assets, beginning of year	3,759,796	89,251,269		93,011,065
<b>Net Assets, End of Year</b>	<b>\$ 9,441,880</b>	<b>\$ 114,321,315</b>	<b>\$ -</b>	<b>\$ 123,763,195</b>
<b>Summary Information:</b>				
<b>Total Revenue and Investment Return</b>	<b>\$ 11,147,606</b>	<b>\$ 40,124,403</b>	<b>\$ (573,942)</b>	<b>\$ 50,698,067</b>

See accompanying notes.

WASHINGTON STEM

Statement of Functional Expenses  
For the Year Ended December 31, 2022

For the Year Ended December 31, 2022							
	Program Services			Supporting Services			
	Program Services - Scholarships	Program Services - Other	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Grants and investments	\$ -	\$ 1,797,213	\$ 1,797,213	\$ -	\$ -	\$ -	\$ 1,797,213
Salaries, taxes and benefits		2,222,278	2,222,278	903,962	394,716	1,298,678	3,520,956
Consultants and professional services		180,136	180,136	164,888	19,976	184,864	365,000
Convenings, conferences and travel		66,769	66,769	13,970	777	14,747	81,516
Operating costs		184,292	184,292	186,737	38,648	225,385	409,677
<b>Total Operating Expenses</b>		<b>4,450,688</b>	<b>4,450,688</b>	<b>1,269,557</b>	<b>454,117</b>	<b>1,723,674</b>	<b>6,174,362</b>
Expenses from discontinued operations	16,965,579		16,965,579	337,429	490,194	827,623	17,793,202
<b>Total Expenses</b>	<b>\$ 16,965,579</b>	<b>\$ 4,450,688</b>	<b>\$ 21,416,267</b>	<b>\$ 1,606,986</b>	<b>\$ 944,311</b>	<b>\$ 2,551,297</b>	<b>\$ 23,967,564</b>

See accompanying notes.

WASHINGTON STEM

Statement of Functional Expenses  
For the Year Ended December 31, 2021

	For the Year Ended December 31, 2021						
	Program Services			Supporting Services			
	Program Services - Scholarships	Program Services - Other	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Grants and investments	\$ -	\$ 1,547,776	\$ 1,547,776	\$ -	\$ -	\$ -	\$ 1,547,776
Salaries, taxes and benefits		1,985,365	1,985,365	806,998	407,501	1,214,499	3,199,864
Consultants and professional services		134,884	134,884	159,462	24,595	184,057	318,941
Convenings, conferences and travel		10,085	10,085	6,888		6,888	16,973
Operating costs		162,638	162,638	178,424	40,906	219,330	381,968
<b>Total Operating Expenses</b>		<b>3,840,748</b>	<b>3,840,748</b>	<b>1,151,772</b>	<b>473,002</b>	<b>1,624,774</b>	<b>5,465,522</b>
Expenses from discontinued operations	13,454,297		13,454,297	214,295	811,823	1,026,118	14,480,415
<b>Total Expenses</b>	<b>\$ 13,454,297</b>	<b>\$ 3,840,748</b>	<b>\$ 17,295,045</b>	<b>\$ 1,366,067</b>	<b>\$ 1,284,825</b>	<b>\$ 2,650,892</b>	<b>\$ 19,945,937</b>

See accompanying notes.

**WASHINGTON STEM**

**Statement of Cash Flows  
For the Year Ended December 31, 2022**

	Washington STEM	WSOS - Discontinued Operations	Interfund Eliminations	Total
<b>Cash Flows From Operating Activities:</b>				
Change in net assets	\$ (2,192,661)	\$ (18,924,147)	\$ -	\$ (21,116,808)
Adjustments to reconcile change in net assets to net cash used in operating activities-				
Depreciation and amortization	8,442	6,023		14,465
Realized and unrealized gains on investments		10,051,620		10,051,620
Accretion of present value discount	2,575			2,575
Continuing involvement with discontinued operations (Note 1)		(3,387,381)		(3,387,381)
Change in assets and liabilities:				
Accounts receivable	(207,915)	(42,631)		(250,546)
Pledges receivable	2,452,085	6,177,450		8,629,535
State match receivable		118,687		118,687
Prepaid expenses	(4,317)	(29,529)		(33,846)
Accounts payable	6,896	(82,758)		(75,862)
Grants payable	(800)			(800)
Accrued liabilities and other	(63,521)	(143,543)		(207,064)
Interfund receivables/payables	(79,196)	(44,804)		(124,000)
Scholarship liabilities		5,682,575		5,682,575
<b>Net Cash Used in Operating Activities</b>	<b>(78,412)</b>	<b>(618,438)</b>		<b>(696,850)</b>
<b>Cash Flows From Investing Activities:</b>				
Purchase of investments		(5,716,090)		(5,716,090)
Sales of investments		5,937,642		5,937,642
Purchases of furniture, fixtures and equipment	(4,849)	(13,028)		(17,877)
<b>Net Cash (Used in) Provided by Investing Activities</b>	<b>(4,849)</b>	<b>208,524</b>		<b>203,675</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(83,261)</b>	<b>(409,914)</b>		<b>(493,175)</b>
Cash and cash equivalents, beginning of year	5,455,386	409,914		5,865,300
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 5,372,125</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,372,125</b>

See accompanying notes.

WASHINGTON STEM

Statement of Cash Flows  
For the Year Ended December 31, 2021

	Washington STEM	WSOS - Discontinued Operations	Interfund Eliminations	Total
<b>Cash Flows From Operating Activities:</b>				
Change in net assets	\$ 5,682,084	\$ 25,070,046	\$ -	\$ 30,752,130
Adjustments to reconcile change in net assets to net cash provided by (used in) by operating activities-				
Depreciation and amortization	8,541	10,190		18,731
Realized and unrealized gains on investments		(3,988,482)		(3,988,482)
Change in assets and liabilities:				
Accounts receivable	66,138	(75,094)		(8,956)
Pledges receivable	(3,662,487)	(25,054,469)		(28,716,956)
State match receivable		552,968		552,968
Prepaid expenses	-13,091	26,993		13,902
Accounts payable	16,237	(4,857)		11,380
Grants payable	(1,055)			(1,055)
Accrued liabilities and other	75,807	13,640		89,447
Interfund receivables/payables	(9,847)	9,847		
Scholarship liabilities		(5,191,342)		(5,191,342)
<b>Net Cash Provided by (Used in) by Operating Activities</b>	<b>2,162,327</b>	<b>(8,630,560)</b>		<b>(6,468,233)</b>
<b>Cash Flows From Investing Activities:</b>				
Purchase of investments		(6,563,837)		(6,563,837)
Sales of investments		15,086,752		15,086,752
Purchases of furniture, fixtures and equipment	(13,398)	(1,380)		(14,778)
<b>Net Cash (Used in) Provided by Investing Activities</b>	<b>(13,398)</b>	<b>8,521,535</b>		<b>8,508,137</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>2,148,929</b>	<b>(109,025)</b>		<b>2,039,904</b>
Cash and cash equivalents, beginning of year	3,306,457	518,939		3,825,396
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 5,455,386</b>	<b>\$ 409,914</b>	<b>\$ -</b>	<b>\$ 5,865,300</b>

See accompanying notes.

## WASHINGTON STEM

### Notes to Financial Statements For the Years Ended December 31, 2022 and 2021

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#### Note 1 - Significant Accounting Policies

**Organization** - Washington STEM (WA STEM) is a statewide education nonprofit helping to make systems work better for students of color, rural students, young women, and students experiencing poverty. We work to close critical gaps in postsecondary readiness, science, technology, engineering, and mathematics (STEM) engagement, and credential attainment so that all of Washington's students have the opportunity to embark on family-wage careers that lead to greater economic mobility. Washington STEM works from cradle to career across Washington with partners in every sector to identify and co-create systems-level solutions that remove barriers to education pathways and create more equitable access to STEM learning.

Washington STEM organizes its work through partnership, direct support, and advocacy.

Partnership - Washington STEM engages and invests in 10 regional Networks, a STEAM Collective of Puget Sound partners, and other regional advocates across the state to identify issues, to use data and research to inform solutions, and to scale policies and practices.

Direct Support - Washington STEM provides targeted community investments, co-created and open-source data and measurement tools, and technical partnership in the form of strategic plan development and implementation, cycles of learning and improvement, and models of scale.

Advocacy - Washington STEM identifies and champions transformative policy and agency solutions through educating decision and policy makers at the state level and storytelling focused on equity and systems change.

**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. During the year ended December 31, 2021 and through August 31, 2022, WA STEM was the fiscal sponsor for WSOS (see Discontinued Operations); therefore, the balances and activity of the WSOS program through August 31, 2022 were included in the WA STEM financial statements.

During the year ended December 31, 2019, the Career and Technical Scholarship (CTS) was implemented to support 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.

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.

During the year ended December 31, 2021, the Graduate Scholarship (GRD) was implemented to support students pursuing advanced health care degrees in Washington who plan to work in a medically underserved area when they graduate, 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."

## WASHINGTON STEM

### Notes to Financial Statements For the Years Ended December 31, 2022 and 2021

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#### Note 1 - Continued

**Discontinued Operations** - 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 served as Program Administrator to the WSOS program. The interagency contract expired August 31, 2022.

During the year ended December 31, 2021, the WA STEM and WSOS Boards mutually agreed to allow the current interagency contract to expire and the WSAC Board has engaged a new administrator for the WSOS program. The current interagency contract with WA STEM was extended to August 31, 2022, and the new program administrator assumed responsibility September 1, 2022. WA STEM continued to earn its administration fee throughout the remainder of the extended interagency contract and negotiated a fee for transition assistance. WA STEM had continuing involvement with WSOS as certain contributions and disbursements were handled by WA STEM through the transition of the cash accounts through October 2022.

The assets of WSOS consisted primarily of cash and investments reported at fair value, and pledges and State match receivable reported at their net realizable value. WSOS liabilities consisted primarily of scholarship commitments reported at their net present value. All WSOS assets and liabilities with the WSOS program transferred to the new fiscal sponsor and program administrator during the year ended December 31, 2022. This is shown as loss on transfer of program to a new program administrator on the statement of activities for the year ended December 31, 2022. The accounts and activities of WSOS are reported in the accompanying financial statements and identified as discontinued operations.

**Employee Retention Tax Credit (ERTC)** - In response to the COVID-19 pandemic, the U.S. Congress passed the CARES Act. Included in the CARES Act was the ERTC to encourage businesses and not-for-profit organizations impacted by COVID-19 to keep employees on their payroll. The ERTC is a refundable tax credit computed based on wages paid by the Organization. The Organization's accounting policy for the ERTC is to record revenue when the conditions of refundable tax credits are met. Total ERTC revenue recognized as other revenue during the year ended December 31, 2022, was \$324,726. No ERTC revenue was recognized during the year ended December 31, 2021.

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

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

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

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

## WASHINGTON STEM

### Notes to Financial Statements For the Years Ended December 31, 2022 and 2021

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#### Note 1 - Continued

##### Revenue Recognition -

Grants and Contributions - Grants, cost-reimbursement grants, 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, state agencies, and other organizations, including providing technical assistance and support, leading data and 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 accounts receivable are included in accounts receivable on the statements of financial position as follows:

	2021		2022
	January 1	December 31	December 31
Contract accounts receivable	\$ 382,514	\$ 310,726	\$ 380,087

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. See Note 2.



## WASHINGTON STEM

### Notes to Financial Statements For the Years Ended December 31, 2022 and 2021

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#### Note 1 - Continued

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.

**Right-of-Use Asset and Lease Liability** - Effective January 1, 2022, WA STEM adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases (Topic 842)* (ASC Topic 842) using the modified retrospective approach with comparative accounting periods continuing to be presented under previous lease guidance (ASC Topic 840). WA STEM has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the WA STEM accounted for its existing leases under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the leases would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. Additionally, WA STEM did not elect the practical expedient to use hindsight in determining the lease term (that is, when considering lessee options to extend or terminate the lease and to purchase the underlying asset) and in assessing impairment of the entity's right-of-use (ROU) assets. As a result of the adoption of the new lease accounting guidance, the Organization recognized on January 1, 2022 (a) a lease liability of \$204,746, (b) a right-of-use asset of \$201,337, and (c) removal of deferred rent liabilities of \$3,409.

WA STEM determines if an arrangement contains a lease at inception. Operating leases are included in ROU assets and lease liabilities in the statement of financial position. ROU assets represent a right to use an underlying asset for the lease term and operating lease liabilities represent WA STEM's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. WA STEM's leases do not provide an implicit rate of return; thus, WA STEM uses the risk-free discount rate, determined using a period comparable with that of the lease term from the later of the lease commencement date or implementation date. Lease terms may include options to extend or terminate the lease when it is reasonably certain that WA STEM will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. A ROU asset and operating lease liability is not recognized for leases with an initial term of 12 months or less or when total lease payments are less than \$5,000.

## WASHINGTON STEM

### Notes to Financial Statements For the Years Ended December 31, 2022 and 2021

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#### Note 1 - Continued

**Scholarship Liabilities** - Scholarship liabilities for the WSOS program, which includes the baccalaureate, CTS, RJI, and GRD 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. 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. All scholarship commitments were transferred to a new program administrator prior to year end.

**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. 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, 2022 and 2021 totaled \$0 and \$1,800,000, 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, 2022 and 2021. The uninsured balance of cash and cash equivalents for WA STEM was \$5,122,125 and \$5,205,386 for the years ended December 31, 2022 and 2021, respectively. The uninsured balance of cash and cash equivalents for WSOS was \$159,914 for the year ended December 31, 2021. WSOS cash and cash equivalent balance transferred prior to December 31, 2022.

For the Organization as a whole, for the year ended December 31, 2022, 51% of contribution revenue was from two donors and 90% of its pledges receivable were from one donor. For the year ended December 31, 2021, 82% of contribution revenue was from three donors and 88% of its pledges receivable were from two donors.

WA STEM - For the year ended December 31, 2022, 48% of the WA STEM contribution revenue was from two donors and 90% of its pledges receivable was from one donor. For the year ended December 31, 2021, 66% of the WA STEM contribution revenue was from two donors and 89% of its pledges receivable was from two donors.

WSOS - For the year ended December 31, 2022, 60% of the WSOS contribution revenue was from one donor and WSOS pledges receivable balance transferred prior to year end. For the year ended December 31, 2021, 93% of the WSOS contribution revenue was from three donors and 90% of the WSOS pledges receivable balance was from two donors.

## WASHINGTON STEM

### Notes to Financial Statements For the Years Ended December 31, 2022 and 2021

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#### Note 1 - Continued

**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 this personnel cost time study. All other costs are based on the benefit received through expenses directly attributable to each program or support function.

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

#### Note 2 - Pledges and State Match Receivable

Pledges receivable were as follows at December 31:

	Washington STEM	WSOS - Discontinued Operations	2022 Total
Pledges receivable expected in-			
Less than one year	\$ 1,466,158	\$ -	\$ 1,466,158
One to five years	31,200		31,200
More than five years			
	<u>1,497,358</u>		<u>1,497,358</u>
Present value discount	<u>(142)</u>		<u>(142)</u>
<b>Pledges Receivable</b>	<u><b>\$ 1,497,216</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 1,497,216</b></u>

## WASHINGTON STEM

### Notes to Financial Statements For the Years Ended December 31, 2022 and 2021

#### Note 2 - Continued

	Washington STEM	WSOS - Discontinued Operations	2021 Total
Pledges receivable expected in-			
Less than one year	\$ 2,493,873	\$ 6,693,214	\$ 9,187,087
One to five years	1,457,000	16,000,000	17,457,000
More than five years		5,000,000	5,000,000
	<u>3,950,873</u>	<u>27,693,214</u>	<u>31,644,087</u>
Present value discount	<u>(1,572)</u>	<u>(77,882)</u>	<u>(79,454)</u>
<b>Pledges Receivable</b>	<b><u>\$ 3,949,301</u></b>	<b><u>\$ 27,615,332</u></b>	<b><u>\$ 31,564,633</u></b>

Pledges receivable with due dates extending beyond one year were discounted using discount rates based on risk adjusted rates of return between 0.10% and 2.79% at December 31, 2022. An allowance for uncollectible pledges was not considered necessary at December 31, 2022 or 2021. As of the year ended December 31, 2022, \$66,667 of conditional pledges were outstanding related to in-kind contributions.

From time to time, the Organization receives contributions from its board members or their related organizations. Contributions from WA STEM board members totaled approximately \$101,000 and \$48,000 for the years ended December 31, 2022 and 2021, respectively. Contributions from WSOS board members totaled approximately \$9,276 and \$10,101,000 for the years ended December 31, 2022 and 2021, respectively. Pledges outstanding from WA STEM board members totaled approximately \$8,400 and \$2,000 at December 31, 2022 and 2021, respectively. Pledges outstanding from WSOS board members totaled \$10,050,000 at December 31, 2021. All WSOS pledges had been transferred to the new program administrator as of December 31, 2022.

State Match Receivable Related to WSOS - Discontinued Operations - The balance was as follows as of and for the years ended December 31:

	<u>2022</u>	<u>2021</u>
State match receivable, beginning balance	\$ 118,687	\$ 671,655
State match revenue recognized	8,371,104	3,744,211
Cash collected	(8,469,077)	(4,231,748)
Adjustments to allowance		(65,431)
Transferred out	<u>(20,714)</u>	
<b>State Match Receivable, Ending Balance</b>	<b><u>\$ -</u></b>	<b><u>\$ 118,687</u></b>
State match receivable, gross	\$ -	\$ 118,687
Less allowance		
<b>State Match Receivable, Net</b>	<b><u>\$ -</u></b>	<b><u>\$ 118,687</u></b>

## WASHINGTON STEM

### Notes to Financial Statements For the Years Ended December 31, 2022 and 2021

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#### 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 related to WSOS discontinued operations was transferred prior to December 31, 2022 (see Note 1). The total amount of unrecognized State match receivable pending was \$4,048,643 at December 31, 2021.

#### Note 3 - Investments - WSOS Discontinued Operations

Investments as presented in the statements of financial position related to WSOS discontinued operations consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ -	\$ 14,679,658
Commingled equity index funds		28,445,304
Commingled intermediate credit		63,685,735
<b>Total Investments</b>	<b>\$ -</b>	<b>\$ 106,810,697</b>

The WA STEM Board and the WSOS Board approved the investment policies for WSOS investments. The investments are sourced from both private and public funds. These investment policies were guided by and are designed to comply with various State policies which govern the investment of State funds. All WSOS long-term investments are managed by the Washington State Investment Board (WSIB) prior to transfer in 2022 and 2021. The investment allocation is reviewed periodically based on program spending forecasts and other considerations.

Investment return related to WSOS discontinued operations is classified as follows for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 85,476	\$ 35,233
Realized and unrealized gains	(10,051,620)	3,993,041
Investment fees	(33,669)	(60,372)
<b>Total Investment Return, Net</b>	<b>\$ (9,999,813)</b>	<b>\$ 3,967,902</b>

#### 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, 2022 and 2021

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#### Note 4 - Continued

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2022 or 2021:

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

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

**Fair Values Measured on a Recurring Basis** - Fair values of assets related to discontinued operations measured on a recurring basis were as follows:

	December 31, 2021			Total
	Level 1	Level 2	Level 3	
Cash and cash equivalents	\$ 14,679,658	\$ -	\$ -	\$ 14,679,658
Commingled equity index funds		28,445,304		28,445,304
Commingled intermediate credit		63,685,735		63,685,735
<b>Total Investments at December 31, 2021</b>	<b>\$ 14,679,658</b>	<b>\$ 92,131,039</b>	<b>\$ -</b>	<b>\$ 106,810,697</b>

There were no assets with fair values measured on a recurring basis at December 31, 2022.

#### Note 5 - Furniture, Fixtures and Equipment

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

	Washington STEM	WSOS - Discontinued Operations	2022 Total
Office equipment	\$ 49,521	\$ -	\$ 49,521
Furniture and fixtures	16,967		16,967
Leasehold improvements	4,768		4,768
	71,256		71,256
Less accumulated depreciation	(55,012)		(55,012)
<b>Furniture, Fixtures and Equipment, Net</b>	<b>\$ 16,244</b>	<b>\$ -</b>	<b>\$ 16,244</b>

## WASHINGTON STEM

### Notes to Financial Statements For the Years Ended December 31, 2022 and 2021

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#### Note 5 - Continued

	Washington STEM	WSOS - Discontinued Operations	2021 Total
Office equipment	\$ 141,570	\$ 36,565	\$ 178,135
Furniture and fixtures	16,967	19,504	36,471
Leasehold improvements	4,768		4,768
	163,305	56,069	219,374
Less accumulated depreciation	(143,468)	(45,011)	(188,479)
<b>Furniture, Fixtures and Equipment, Net</b>	<b>\$ 19,837</b>	<b>\$ 11,058</b>	<b>\$ 30,895</b>

Depreciation was \$14,465 and \$18,731 for the years ended December 31, 2022 and 2021, respectively.

#### Note 6 - Scholarship Commitments Liability - WSOS Discontinued Operations

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 at various institutions of higher education in the state, beginning as early as freshman year and continuing through graduation, which may be in year five or six, subject to various restrictions.

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

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

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

The WSOS program obligations were transferred to a new program administrator prior to year end (see Note 1).

## WASHINGTON STEM

### Notes to Financial Statements For the Years Ended December 31, 2022 and 2021

#### 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 - Discontinued Operations	2022 Total
Purpose and time restricted	\$ 1,640,216	\$ -	\$ 1,640,216
Purpose restricted	1,209,477		1,209,477
<b>Total Net Assets With Donor Restrictions</b>	<b>\$ 2,849,693</b>	<b>\$ -</b>	<b>\$ 2,849,693</b>

	Washington STEM	WSOS - Discontinued Operations	2021 Total
Purpose and time restricted	\$ 4,018,894	\$ 27,733,921	\$ 31,752,815
Purpose restricted	1,571,689	86,587,394	88,159,083
<b>Total Net Assets With Donor Restrictions</b>	<b>\$ 5,590,583</b>	<b>\$ 114,321,315</b>	<b>\$ 119,911,898</b>

#### Note 8 - Office Space Agreement

**Leases Under ASC Topic 840** - Effective February 1, 2017, the Organization leased 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. This lease obligation was transferred as part of discontinued operations.

In July 2010, the Organization entered into a commercial office license agreement for WA STEM's office facilities. The original license agreement was for five years and has been subsequently amended several times. The agreement extends through September 30, 2023.

Facilities expense incurred under the office license agreement totaled \$164,095 for the year ended December 31, 2021. Facilities expense incurred under the WSOS leased office space totaled \$53,636 for the year ended December 31, 2021.

**Leases Under ASC Topic 842** - WA STEM leases office space from a related party under a long-term lease agreement with a 180-day cancellation notice which expires as of September 30, 2023. WA STEM is reasonably certain they will not use the cancellation option prior to the expiration of the lease. Additionally, the lease includes payments for common area maintenance that are considered variable lease payments and are excluded from determining the lease liability.



## WASHINGTON STEM

### Notes to Financial Statements For the Years Ended December 31, 2022 and 2021

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#### Note 8 - Continued

Future minimum payments required under lease as of December 31, 2022, are as follows:

	<u>Operating</u>
2023	<u>\$ 89,309</u>
Total undiscounted cash flows	89,309
Less present value discount	<u>(205)</u>
<b>Total Lease Liabilities</b>	<b><u>\$ 89,104</u></b>

The components of lease expense for the year ended December 31, 2022 are as follows:

Operating lease cost	\$ 115,642
Variable lease cost	51,885
Short-term and other lease costs	<u>358</u>
<b>Total Leasing Expense</b>	<b><u>\$ 167,885</u></b>

Supplemental cash flow related to leases as of December 31, 2022 is as follows:

Cash paid for amounts included in the measurement of lease liabilities- Operating cash flows from operating leases	\$ 112,242
Right-of-use assets obtained in exchange for new operating lease liabilities	201,337
Weighted-average remaining lease term - operating lease	9 months
Weighted-average discount rate - operating lease	0.60%

#### Note 9 - 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, 2022 or 2021.

## WASHINGTON STEM

### Notes to Financial Statements For the Years Ended December 31, 2022 and 2021

#### Note 9 - Continued

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

	<u>WA STEM</u>	<u>WSOS - Discontinued Operations</u>	<u>2022 Total</u>
Total matching contributions	\$ 111,726	\$ 56,133	\$ 167,859

  

	<u>WA STEM</u>	<u>WSOS - Discontinued Operations</u>	<u>2021 Total</u>
Total matching contributions	\$ 103,503	\$ 76,486	\$ 179,989

#### Note 10 - Liquidity and Availability of Financial Assets

The Organization 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.

Including all financial assets, as of December 31, 2022, the Organization has a working capital surplus of approximately \$7,100,000 and average cash on hand of just over 10 months.

Financial assets available for general expenditure within one year of December 31, 2022 consists of the following:

	<u>WA STEM</u>	<u>WSOS - Discontinued Operations</u>	<u>2022 Total</u>
Cash and cash equivalents	\$ 5,372,125	\$ -	\$ 5,372,125
Accounts receivable	524,423		524,423
Current portion of pledge receivables, net	1,466,158		1,466,158
<b>Financial Assets Available to Meet General Expenditures Within One Year</b>	<b><u>\$ 7,362,706</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,362,706</u></b>

**WASHINGTON STEM**

**Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021**

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**Note 10 - Continued**

Financial assets available for general expenditure within one year of December 31, 2021 consisted of the following:

	<u>WA STEM</u>	<u>WSOS - Discontinued Operations</u>	<u>2021 Total</u>
Cash and cash equivalents	\$ 5,455,386	\$ 409,914	\$ 5,865,300
Accounts receivable	316,508	137,998	454,506
Interfund receivable	44,804		44,804
Current portion of pledge receivables, net	2,493,873	6,693,214	9,187,087
State match receivable, net		118,687	118,687
Short-term portion of investments		10,434,689	10,434,689
Less cash limited as to use	<u>(200,000)</u>		<u>(200,000)</u>
<b>Financial Assets Available to Meet General Expenditures Within One Year</b>	<u><b>\$ 8,110,571</b></u>	<u><b>\$ 17,794,502</b></u>	<u><b>\$ 25,905,073</b></u>

**Note 11 - Subsequent Events**

The Organization has evaluated subsequent events through March 29, 2023, 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.

**SUPPLEMENTARY INFORMATION**

WASHINGTON STEM

Schedule of Functional Expenses - Washington STEM Program  
For the Year Ended December 31, 2022

	Program Services	Supporting Services			Total
		Management and General	Fundraising	Total Supporting Services	
Grants and investments	\$ 1,797,213	\$ -	\$ -	\$ -	\$ 1,797,213
Salaries, taxes and benefits	2,222,278	903,962	394,716	1,298,678	3,520,956
Consultants and professional services	180,136	164,888	19,976	184,864	365,000
Convenings, conferences and travel	66,769	13,970	777	14,747	81,516
Operating costs	184,292	186,737	38,648	225,385	409,677
Total expenses for the WA STEM program	4,450,688	1,269,557	454,117	1,723,674	6,174,362
Less costs reimbursed by the WSOS program		(479,064)		(479,064)	(479,064)
<b>Total Expenses for the WA STEM Program, Net of Costs Reimbursed By the WSOS Program</b>	<b>\$ 4,450,688</b>	<b>\$ 790,493</b>	<b>\$ 454,117</b>	<b>\$ 1,244,610</b>	<b>\$ 5,695,298</b>

See independent auditor's report.

WASHINGTON STEM

Schedule of Functional Expenses - Washington State Opportunity Scholarship (WSOS) Discontinued Program  
For the Year Ended December 31, 2022

	Program Services	Supporting Services			Total
		Management and General	Fundraising	Total Supporting Services	
Scholarships	\$ 15,369,192	\$ -	\$ -	\$ -	\$ 15,369,192
Salaries, taxes and benefits	1,285,189	115,683	346,032	461,715	1,746,904
Consultants and professional services	230,436	662,295	90,610	752,905	983,341
Convenings, conferences and travel	5,120	8,363	20,290	28,653	33,773
Operating costs	75,642	30,152	33,262	63,414	139,056
<b>Total Expenses for the WSOS Program</b>	<b>\$ 16,965,579</b>	<b>\$ 816,493</b>	<b>\$ 490,194</b>	<b>\$ 1,306,687</b>	<b>\$ 18,272,266</b>

See independent auditor's report.