



the
evergreen
state college
foundation

Audited Financial Statements

June 30, 2024 and 2023

THE EVERGREEN STATE COLLEGE FOUNDATION

Audited Financial Statements

June 30, 2024 and 2023

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Independent Auditor's Report

Board of Governors
The Evergreen State College Foundation
Olympia, Washington

Opinion

We have audited the financial statements of The Evergreen State College Foundation (a nonprofit organization) (the "Foundation"), which comprise the statements of financial position as of June 30, 2024 and 2023, 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 Foundation as of June 30, 2024 and 2023, and the changes 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 ("U.S. GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. 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 Foundation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. GAAP, 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 Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

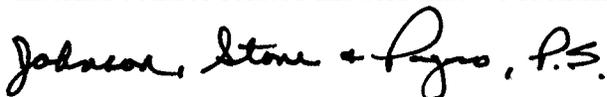
Auditor's Responsibilities for the Audit of the Financial Statements

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 U.S. 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 U.S. 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 Foundation'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 Foundation'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.



JOHNSON, STONE & PAGANO, P.S.
Fircrest, Washington

March 4, 2025

AUDITED FINANCIAL STATEMENTS

THE EVERGREEN STATE COLLEGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,930,407	\$ 2,222,454
Investment cash	1,018,048	2,555,173
Unconditional promises to give, current portion	<u>301,400</u>	<u>803,000</u>
Total Current Assets	3,249,855	5,580,627
OTHER ASSETS		
Investments	24,880,407	21,223,038
Operating right-of-use assets, net	24,255	37,360
Long-term unconditional promises to give, net	<u>1,761,516</u>	<u>24,087</u>
Total Other Assets	<u>26,666,178</u>	<u>21,284,485</u>
TOTAL ASSETS	<u>\$ 29,916,033</u>	<u>\$ 26,865,112</u>

The accompanying notes are an integral part of these financial statements.

THE EVERGREEN STATE COLLEGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION (Continued)

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 44,955	\$ 62,306
Payable to Evergreen State College	50,024	107,182
Operating lease liabilities, current portion	<u>13,123</u>	<u>12,077</u>
Total Current Liabilities	108,102	181,565
OPERATING LEASE LIABILITIES, net	<u>9,332</u>	<u>22,455</u>
Total Liabilities	117,434	204,020
NET ASSETS		
Without donor restrictions		
Unrestricted	1,292,704	1,067,507
Board-designated - endowment	<u>1,553,217</u>	<u>1,484,875</u>
Total Net Assets without Donor Restrictions	2,845,921	2,552,382
With donor restrictions	<u>26,952,678</u>	<u>24,108,710</u>
Total Net Assets	<u>29,798,599</u>	<u>26,661,092</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 29,916,033</u>	<u>\$ 26,865,112</u>

The accompanying notes are an integral part of these financial statements.

THE EVERGREEN STATE COLLEGE FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Gifts and contributions	\$ 579,608	\$ 5,411,675	\$ 5,991,283
In-kind support from the College	1,658,111		1,658,111
Other in-kind support		26,307	26,307
Investment income	459,953	1,890,721	2,350,674
Administrative fees	267,382		267,382
Reclassifications and transfers	(135,392)	135,392	
Net assets released from restrictions	<u>4,620,127</u>	<u>(4,620,127)</u>	
Total Revenue and Support	7,449,789	2,843,968	10,293,757
FUNCTIONAL EXPENSES			
Program services			
Grants and scholarships	4,821,877		4,821,877
Other College support	<u>289,803</u>		<u>289,803</u>
Total Program Services	5,111,680		5,111,680
Support services			
Management and general	1,151,353		1,151,353
Fundraising	<u>893,217</u>		<u>893,217</u>
Total Support Services	<u>2,044,570</u>		<u>2,044,570</u>
Total Functional Expenses	<u>7,156,250</u>		<u>7,156,250</u>
CHANGE IN NET ASSETS	293,539	2,843,968	3,137,507
Net Assets at Beginning of Year	<u>2,552,382</u>	<u>24,108,710</u>	<u>26,661,092</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,845,921</u>	<u>\$ 26,952,678</u>	<u>\$ 29,798,599</u>

The accompanying notes are an integral part of these financial statements.

THE EVERGREEN STATE COLLEGE FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (Continued)

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Gifts and contributions	\$ 360,094	\$ 2,436,475	\$ 2,796,569
In-kind support from the College	1,363,747		1,363,747
Other in-kind support		58,970	58,970
Investment income	217,558	882,319	1,099,877
Administrative fees	251,234		251,234
Reclassifications and transfers	250,803	(250,803)	
Net assets released from restrictions	<u>3,244,865</u>	<u>(3,244,865)</u>	
Total Revenue and Support	5,688,301	(117,904)	5,570,397
FUNCTIONAL EXPENSES			
Program services			
Grants and scholarships	3,662,422		3,662,422
Other College support	<u>278,782</u>		<u>278,782</u>
Total Program Services	3,941,204		3,941,204
Support services			
Management and general	1,391,784		1,391,784
Fundraising	<u>620,974</u>		<u>620,974</u>
Total Support Services	<u>2,012,758</u>		<u>2,012,758</u>
Total Functional Expenses	<u>5,953,962</u>		<u>5,953,962</u>
CHANGE IN NET ASSETS	(265,661)	(117,904)	(383,565)
Net Assets at Beginning of Year	<u>2,818,043</u>	<u>24,226,614</u>	<u>27,044,657</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,552,382</u>	<u>\$ 24,108,710</u>	<u>\$ 26,661,092</u>

The accompanying notes are an integral part of these financial statements.

THE EVERGREEN STATE COLLEGE FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024 with Comparative Totals for 2023

	Program Services			Support Services			Total Expenses	
	Grants and Scholarships	Other College Support	Total Programs	Management and General	Fundraising	Total Support Services	2024	2023
Grants and allocations	\$ 4,821,877		\$ 4,821,877				\$ 4,821,877	\$ 3,662,422
In-kind management services		\$ 125,765	125,765	\$ 797,012	\$ 504,359	\$ 1,301,371	1,427,136	1,172,027
In-kind supplies and equipment use		19,027	19,027	95,133	76,107	171,240	190,267	156,916
Food		39,026	39,026	73,062	59,463	132,525	171,551	201,815
Purchased services		73,153	73,153	30,855	147,673	178,528	251,681	477,832
Printing and publications		879	879	4,691	34,788	39,479	40,358	28,128
Supplies		5,267	5,267	48,690	14,792	63,482	68,749	100,774
Travel		2,362	2,362	18,157	7,603	25,760	28,122	32,331
In-kind facility rent		4,071	4,071	4,071	32,566	36,637	40,708	34,804
Rental and fees		4,178	4,178	69,560	14,593	84,153	88,331	45,134
Postage and shipping		75	75	1,980	1,188	3,168	3,243	2,217
Miscellaneous		16,000	16,000	8,142	85	8,227	24,227	39,562
TOTAL FUNCTIONAL EXPENSES	<u>\$ 4,821,877</u>	<u>\$ 289,803</u>	<u>\$ 5,111,680</u>	<u>\$ 1,151,353</u>	<u>\$ 893,217</u>	<u>\$ 2,044,570</u>	<u>\$ 7,156,250</u>	<u>\$ 5,953,962</u>

The accompanying notes are an integral part of these financial statements.

THE EVERGREEN STATE COLLEGE FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	Program Services			Support Services			Total
	Grants and Scholarships	Other College Support	Total Programs	Management and General	Fundraising	Total Support Services	
Grants and allocations	\$ 3,662,422		\$ 3,662,422				\$ 3,662,422
In-kind management services		\$ 104,991	104,991	\$ 661,391	\$ 405,645	\$ 1,067,036	1,172,027
In-kind supplies and equipment use		15,692	15,692	78,458	62,766	141,224	156,916
Food		41,920	41,920	120,403	39,492	159,895	201,815
Purchased services		71,425	71,425	356,555	49,852	406,407	477,832
Printing and publications		1,115	1,115	18,701	8,312	27,013	28,128
Supplies		21,393	21,393	70,924	8,457	79,381	100,774
Travel		4,733	4,733	25,207	2,391	27,598	32,331
In-kind facility rent		3,480	3,480	3,480	27,844	31,324	34,804
Rental and fees		1,888	1,888	29,237	14,009	43,246	45,134
Postage and shipping		45	45	1,629	543	2,172	2,217
Miscellaneous		12,100	12,100	25,799	1,663	27,462	39,562
TOTAL FUNCTIONAL EXPENSES	<u>\$ 3,662,422</u>	<u>\$ 278,782</u>	<u>\$ 3,941,204</u>	<u>\$ 1,391,784</u>	<u>\$ 620,974</u>	<u>\$ 2,012,758</u>	<u>\$ 5,953,962</u>

The accompanying notes are an integral part of these financial statements.

THE EVERGREEN STATE COLLEGE FOUNDATION

STATEMENTS OF CASH FLOWS

Year Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,137,507	\$ (383,565)
Adjustments to reconcile changes in net assets to net cash used by operating activities		
Contributions restricted for long-term purposes	(1,574,273)	(843,190)
Operating right-of-use asset amortization	13,105	2,971
(Increase) decrease in unconditional promises to give	(1,235,829)	1,097,849
Donated marketable securities	(169,420)	(183,683)
Unrealized gains on investments	(1,507,245)	(391,585)
Loss on donated marketable securities	4,760	3,770
Increase (decrease) in accounts payable	(17,351)	49,633
Increase (decrease) in payable to the College	(57,158)	68,960
Decrease in operating lease liability	(12,077)	(5,799)
Net Cash Used by Operating Activities	<u>(1,417,981)</u>	<u>(584,639)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	958,370	313,721
Purchase of investments	(2,427,940)	(1,620,763)
Reinvested earnings, net of expenses	(680,554)	(35,522)
Proceeds from sale of donated stock	164,660	179,912
Net Cash Used by Investing Activities	<u>(1,985,464)</u>	<u>(1,162,652)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term purposes	<u>1,574,273</u>	<u>843,190</u>
NET CHANGE IN CASH	<u>(1,829,172)</u>	<u>(904,101)</u>
Cash at Beginning of Year	<u>4,777,627</u>	<u>5,681,728</u>
CASH AT END OF YEAR	<u>\$ 2,948,455</u>	<u>\$ 4,777,627</u>
COMPONENTS OF CASH		
Cash and cash equivalents	\$ 1,930,407	\$ 2,222,454
Investment cash	<u>1,018,048</u>	<u>2,555,173</u>
	<u>\$ 2,948,455</u>	<u>\$ 4,777,627</u>

The accompanying notes are an integral part of these financial statements.

EVERGREEN STATE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 1- NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Evergreen State College Foundation (the "Foundation") is a not-for-profit corporation organized under the laws of the State of Washington for the charitable and the educational benefit of The Evergreen State College (the "College"). The Foundation was organized to function exclusively for the purposes of promoting, supporting, maintaining, developing, increasing and extending educational offerings, and the pursuit thereof, in connection with the College. A summary of the Foundation's significant accounting policies follows.

Basis of Presentation

The accompanying financial statements are presented using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Unconditional Promises to Give

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Unconditional promises to give due within one year are reported at their net realizable value. Authoritative guidance requires that an allowance for uncollectable pledges be used; however, based on management judgment, past history and the rare occurrences of pledges not being fulfilled, management has decided not to use an allowance for uncollectable pledges as any allowance would be immaterial.

Unconditional promises to give, due in subsequent years are reported on the present value of their net realizable value, using an appropriate discount rate. Amortization of discounts is included in contribution revenue.

Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at fair value on the date of the donation. In the absence of any stipulations, contributions of property and equipment are recorded as unrestricted support.

Donated Materials and Services

Donated materials and services are reflected as contributions in the accompanying financial statements at their estimated fair values at the date of receipt. Contributed services are recognized if they require specialized skills that would have been purchased had they not been contributed.

Cash and Cash Equivalents

For purposes of reporting on the statements of cash flows, the Foundation cash consists of short-term, highly liquid investments that are readily convertible to known amounts of cash, including savings accounts, money market accounts and time deposit. As of June 30, 2024 and 2023, cash totaled \$2,948,455 and \$4,777,627, respectively, of which \$759,319 and \$1,134,351 was restricted for donor purposes, respectively.

EVERGREEN STATE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 1- NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Foundation has investments which include an investment portfolio with Morgan Stanley and invested endowment funds in the University of Washington's Consolidated Endowment Fund ("CEF").

	<u>2024</u>	<u>2023</u>
Investment portfolio with Morgan Stanley		
Cash	\$ 1,018,048	\$ 2,555,173
Certificates of deposit	2,816,568	1,100,393
Mutual funds	<u>559,349</u>	<u>514,893</u>
Total	<u>\$ 4,393,965</u>	<u>\$ 4,170,459</u>

Most investments are classified as noncurrent regardless of maturity due to the long-term nature of the portfolio. The estimated fair values may differ significantly from the values that would have been used had a ready market for those securities existed.

The annual change in market value of investments is recorded as investment income in the statements of activities and changes in net assets. The percentage participation allocation method is used to allocate all investment income, including realized and unrealized gains and losses, to the various funds based on a percentage-of-interest in the pooled investment.

Investments held in the University of Washington's CEF at fair value as of June 30 are as follows:

	<u>2024</u>	<u>2023</u>
University of Washington		
Total units at University of Washington	\$ 44,817,011	\$ 43,416,292
Value per unit	<u>121.762</u>	<u>113.782</u>
Total Value at University of Washington	<u>\$ 5,457,000,000</u>	<u>\$ 4,940,000,000</u>
Evergreen Foundation Portion		
Total units	\$ 171,383	\$ 167,789
Value per unit	<u>121.762</u>	<u>113.782</u>
Total Evergreen Foundation Portion	<u>\$ 20,867,876</u>	<u>\$ 19,091,353</u>

EVERGREEN STATE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 1- NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

The fair value of the CEF is based on a per unit valuation, which is based on the estimated fair value of the underlying investments. The fair value of debt and equity securities with a readily determinable fair value is based on quotations from national securities exchanges. The alternative investments, which are not readily marketable, are carried at the estimated fair values provided by the investment managers. The Foundation can redeem or purchase units in the CEF at the end of a calendar quarter.

On June 30, 2024 and 2023, an additional \$636,614 and \$516,399, respectively, was held by the University of Washington pending investment purchases.

Credit and Market Risk

The Foundation's investments consist of financial instruments, including interest-bearing deposits and investments in the CEF and with Morgan Stanley. These financial instruments may subject the Foundation to concentrations of credit risk, and from time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation. Management believes the risk with respect to the balances is minimal, due to the high credit rating of the institutions used.

Investment securities are exposed to various risks, including, but not limited to, interest rate, market and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term. To manage these risks, the Foundation has an investment policy designed to provide optimal return within reasonable risk tolerances.

Split-interest Agreements

Under these agreements, donors initially make gifts directly to the Foundation. The Foundation has beneficial interest, and records an asset related to the agreements at fair value.

Federal Income Tax

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Income from certain activities not directly related to the Foundation's tax-exempt purpose would be subject to taxation as unrelated business income. The Foundation did not engage in any activity unrelated to its tax-exempt purpose; accordingly, no provision for income taxes is included in the accompanying financial statements. In accordance with requirements related to accounting for uncertainties in income taxes, the Foundation has determined they have no uncertain tax positions at June 30, 2024 and 2023. The fiscal years ended June 30, 2024, 2023, 2022 and 2021 remain open for examination by taxing authorities.

EVERGREEN STATE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 1- NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, if applicable, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Allocation of Functional Expenses

Expenses are charged to program services, fundraising and management and general categories based on direct expenditures incurred. Any expenditure not directly chargeable to a functional expense category is allocated based on labor costs, square footage rates for space and the cost of shared usage of supplies and equipment.

Related Party Transactions

The Foundation receives substantial contributed support services under a quid pro quo agreement with the College. The College provides personnel, including management, accounting and clerical support. The College also provides office space and various other non-personnel support of the Foundation. The services provided without cost are recognized as in-kind revenues and expenses. These services are included in both support and revenues and in expenses on the accompanying statements of activities and changes in net assets. See Note 12 for additional in-kind support information.

The Foundation provided grants to the College totaling \$3,626,035 and \$2,789,692 for the years ended June 30, 2024 and 2023, respectively. During the years ended June 30, 2024 and 2023, the Foundation also provided \$1,195,842 and \$872,730, respectively, to the College for student scholarships and fellowships. These amounts are included in the grants and allocations total shown on the statements of functional expenses.

Amounts payable to the College were \$50,024 and \$107,182 as of June 30, 2024, and 2023, respectively.

Fundraising

Fundraising expenses include costs to solicit donations through annual giving, major giving, planned giving and corporation and foundation giving.

EVERGREEN STATE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 1- NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets, and changes therein, are classified and reported as follows:

Net Assets without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations are available to support the Foundation's operations. Included within these net assets are board-designated net assets which are to be used for specific purposes but may, at the board's discretion, subsequently be used for other purposes.

Net Assets with Donor Restrictions

Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that will be met either by actions of the Foundation and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restriction. Other donor-imposed restrictions are maintained in perpetuity by the Foundation. Generally, the donors of these assets permit the Foundation to use all, or part, of the income earned on any related investments for general or specific purposes.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains or losses on donor-restricted endowment investments are reported as increases or decreases in net assets with donor restrictions until appropriated by the Board of Governors. Gains and losses on non-endowment investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of restrictions on net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported on the statements of activities and changes in net assets as net assets released from restriction.

Reclassifications

Certain amounts have been reclassified in the June 30, 2023 financial statements to conform to the June 30, 2024 presentations.

EVERGREEN STATE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 2 - LIQUIDITY AND AVAILABILITY

The following table provides a summary of the Foundation's financial assets, reduced by those unavailable for general expenditure within one year, to determine the amount of financial assets available to meet cash needs for general expenditure within one year at June 30:

	<u>2024</u>	<u>2023</u>
Financial assets		
Cash and cash equivalents	\$ 1,930,407	\$ 2,222,454
Investment cash	1,018,048	2,555,173
Unconditional promises to give	2,062,916	827,087
Investments	<u>24,880,407</u>	<u>21,223,038</u>
Total Financial Assets	29,891,778	26,827,752
Less those unavailable for general expenditure within one year		
Board-designated net assets	1,553,217	1,484,875
Net assets with donor restrictions	<u>26,952,678</u>	<u>24,108,710</u>
	<u>28,505,895</u>	<u>25,593,585</u>
Financial Assets Available to Meet Cash Needs For General Expenditures within One Year	\$ <u>1,385,883</u>	\$ <u>1,234,167</u>

Although the Foundation does not intend to spend from board-designated net assets, these amounts could be available, if necessary.

As part of the Foundation's liquidity management plan, cash in excess of daily requirements is invested.

NOTE 3 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30 are as follows:

	<u>2024</u>	<u>2023</u>
Receivable in less than one year	\$ 301,400	\$ 803,000
Receivable in one to five years	<u>1,761,516</u>	<u>24,087</u>
Total Unconditional Promises to Give	\$ <u>2,062,916</u>	\$ <u>827,087</u>

EVERGREEN STATE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 3 - UNCONDITIONAL PROMISES TO GIVE (Continued)

The discount rates are based on what the risk free applicable federal long-term rates were at the time each unconditional promise to give was made. The rates range from 2.58% to 5.03% and, the total discount for the long-term promises to give as of June 30, 2024 and 2023 was \$144,484 and \$913, respectively.

NOTE 4 - INVESTMENTS

Long and short-term investments are as follows at June 30:

	<u>2024</u>	<u>2023</u>
Cash	\$ 5,273	\$ 169,212
Money market	1,012,775	2,385,961
Certificates of deposit	2,816,568	1,100,393
Mutual funds	559,349	514,893
Investment in the University of Washington consolidated endowment fund	<u>21,504,490</u>	<u>19,607,752</u>
Total Investments	<u>\$ 25,898,455</u>	<u>\$ 23,778,211</u>

The fair value of certificates of deposit at June 30 is as follows:

	<u>2024</u>	<u>2023</u>
Maturing in less than one year	\$ 1,209,850	\$ 900,438
Maturing in more than one year	<u>1,606,718</u>	<u>199,955</u>
	<u>\$ 2,816,568</u>	<u>\$ 1,100,393</u>

Investment income included on the accompanying statement of activities is as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Interest and dividend income	\$ 843,430	\$ 708,292
Net realized/unrealized gains on investments	<u>1,507,244</u>	<u>391,585</u>
Total Investment Income	<u>\$ 2,350,674</u>	<u>\$ 1,099,877</u>

EVERGREEN STATE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 5 - ENDOWMENTS

The net asset classification of endowment funds for a not-for-profit is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). Disclosure about endowment funds, both donor-restricted and board-designated endowment funds, are required.

The Foundation endowment funds include donor-restricted and board-designated endowment funds.

For donor-restricted endowment funds, as required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

The Foundation has interpreted the enacted version of UPMIFA for Washington State and determined that requiring the preservation of the fair value of the original gift at the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary, is appropriate. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of the gifts donated to the endowment with donor restrictions, (b) the original value of subsequent gifts, if any, to the endowment with donor restrictions and (c) accumulations to the endowment with donor restrictions, as applicable, made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers 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 Foundation and the donor-restricted endowment fund.
- General economic conditions.
- The possible effects of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- The investment policies of the Foundation.

For board-designated endowment funds, the Foundation classifies as net assets with donor restrictions (a) the original value of the gift funds that the board designated to the endowment, and (b) the original value of subsequent gift funds designated, if any, to the endowment fund.

EVERGREEN STATE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 5 - ENDOWMENTS (Continued)

The remaining portion of the board-designated endowment fund that is not classified as net assets with donor restrictions is classified as net assets without donor restrictions until those amounts are appropriated for expenditure by the Foundation.

Endowment net asset composition by type of fund for the year ended June 30:

	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>June 30, 2024</u>			
Donor-restricted		\$ 20,141,602	\$ 20,141,602
Board-designated	\$ <u>1,553,218</u>	<u>614,346</u>	<u>2,167,564</u>
Total Funds	\$ <u>1,553,218</u>	\$ <u>20,755,948</u>	\$ <u>22,309,166</u>
<u>June 30, 2023</u>			
Donor-restricted		\$ 17,394,008	\$ 17,394,008
Board-designated	\$ <u>1,484,875</u>	<u>688,933</u>	<u>2,173,808</u>
Total Funds	\$ <u>1,484,875</u>	\$ <u>18,082,941</u>	\$ <u>19,567,816</u>

Changes in endowment net assets for the year ended June 30:

	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>June 30, 2024</u>			
Endowment net assets at beginning of year	\$ 1,484,875	\$ 18,082,941	\$ 19,567,816
Investment income	236,448	1,890,721	2,127,169
Contributions, net of transfers	95,000	1,574,273	1,669,273
Net assets released	<u>(263,105)</u>	<u>(791,987)</u>	<u>(1,055,092)</u>
Endowment, Net Assets at End of Year	\$ <u>1,553,218</u>	\$ <u>20,755,948</u>	\$ <u>22,309,166</u>
<u>June 30, 2023</u>			
Endowment net assets at beginning of year	\$ 1,698,847	\$ 17,109,594	\$ 18,808,441
Investment income	109,176	882,318	991,494
Contributions, net of transfers	95,000	843,190	938,190
Net assets released	<u>(418,148)</u>	<u>(752,161)</u>	<u>(1,170,309)</u>
Endowment, Net Assets at End of Year	\$ <u>1,484,875</u>	\$ <u>18,082,941</u>	\$ <u>19,567,816</u>

EVERGREEN STATE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 5 - ENDOWMENTS (Continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. The Foundation's endowment spending policy does not permit spending from under-water endowments. As of June 30, 2024, no deficiencies of this nature exist. As of June 30, 2023, deficiencies of \$3,540 existed in two donor-restricted endowment funds.

Return Objectives and Risk Parameters

The Foundation has adopted objectives that seek to provide permanent funding for endowed programs while maintaining the purchasing power of any endowment after spending and inflation. Over time, long-term rates-of-return should be sufficient to provide a predictable and stable source of income for endowed programs, and to provide a maximum level of return consistent with prudent risk levels. These objectives assume the construction of a global, equity-oriented, diversified portfolio coupled with active risk management.

Strategies Employed for Achieving Objectives

To achieve its investment objective, the Foundation invests most of its funds in the University of Washington's CEF. It is divided into subcategories, each with its own targeted allocation. Over the long run, the allocation between, and within, the subcategories may be the single most important determinant of the CEF's investment performance.

CEF asset allocation as of June 30:

Investment Strategy	<u>Long-term Target</u>	
	<u>2024</u>	<u>2023</u>
Emerging markets equity	10%	12%
Developed markets equity	43%	39%
Private equity	18%	18%
Real assets	4%	4%
Opportunistic	1%	1%
Absolute return	17%	18%
Fixed income	7%	7%

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distributions each year based on the following allocations.

EVERGREEN STATE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 5 - ENDOWMENTS (Continued)

The Foundation uses a weighted average or hybrid method of determining spending from Foundation endowments. Spending is calculated by taking a weighted-average comprising 80% of the prior year's spending, adjusted by an inflation factor, and 20% of the amount that results when the endowment's spending rate is applied to the endowment market value. The Foundation spending rate shall generally be 5%. The spending rate for new endowments shall be established beginning the end of the second year of investment. The initial endowment spending shall be based on 5% of the first two years' rolling average.

In calculating the spending, the market value of the endowment shall be reduced by the total value of new contributions given to the endowment in the past fiscal year. The inflation factor shall be equal to the CPI, except that it shall never fall below 0%, nor exceed 5%. The minimum scholarship award level is \$1,000. If the spending formula for a scholarship endowment generates a calculation for a scholarship award of less than \$1,000, no distribution will be taken for that fiscal year and the scholarship will not be awarded.

NOTE 6 - FAIR VALUE OF FINANCIAL MEASUREMENTS

The Foundation has determined the fair value of certain assets and liabilities through the application of Financial Accounting Standards Board Accounting Standards Codification 820-10, *Fair Value Measurements*.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. The fair value hierarchy prioritizes the inputs used to measure fair value into three broad levels. The three levels of the fair value hierarchy are defined as follows:

Level 1

Inputs are quoted prices in active markets for identical assets or liabilities as of the reporting date.

Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, as of the reporting date.

Level 3

Unobservable inputs for the asset or liability that reflect management's own assumptions about the assumptions that market participants would use in pricing the asset or liability as of the reporting date.

EVERGREEN STATE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 6 - FAIR VALUE OF FINANCIAL MEASUREMENTS (Continued)

Fair value of assets measured on a recurring basis for the year ended June 30 is as follows:

	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
<u>June 30, 2024</u>				
Cash	\$ 1,018,048			\$ 1,018,048
Certificates of deposit	2,816,568			2,816,568
Mutual funds	559,349			559,349
Consolidated Endowment Fund (CEF)	<u> </u>	\$ <u>21,504,490</u>	<u> </u>	<u>21,504,490</u>
Total Assets at Fair Value	\$ <u>4,393,965</u>	\$ <u>21,504,490</u>	\$ <u> </u>	\$ <u>25,898,454</u>
<u>June 30, 2023</u>				
Cash	\$ 2,555,173			\$ 2,555,173
Certificates of deposit	1,100,393			1,100,393
Mutual funds	514,893			514,893
Consolidated Endowment Fund	<u> </u>	\$ <u>19,607,752</u>	<u> </u>	<u>19,607,752</u>
Total Assets at Fair Value	\$ <u>4,170,459</u>	\$ <u>19,607,752</u>	\$ <u> </u>	\$ <u>23,778,211</u>

NOTE 7 - LEASES

Right-of- use ("ROU") assets represent the Foundation's right to use an underlying asset for the lease term and operating lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The weighted-average discount rate is based on either the implicit rate, if available, or the incremental borrowing rate. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

EVERGREEN STATE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 7 - LEASES (Continued)

The Organization leases vehicles for various terms under long-term, non-cancelable operating lease agreements. The leases, including renewal options reasonably certain to be exercised, expire between 2025 and 2026. The weighted-average discount rate is based on the discount rate implicit in the lease. The lease agreements generally require the Foundation to pay taxes, insurance and repairs.

Total lease expense under noncancelable leases was as follows for the year June 30:

	<u>2024</u>	<u>2023</u>
Operating lease cost	\$ <u>15,487</u>	\$ <u>3,793</u>

The following summarizes the supplemental cash flow information for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating Cash Flows from Operating Leases	\$ <u>14,459</u>	\$ <u>3,622</u>

The following summarizes the weighted-average remaining lease term and weight-average discount rate for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term		
Operating leases	1.70 years	2.69 years
Weighted-average discount rate		
Operating leases	8.15%	8.22%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of June 30, 2024:

	<u>Operating</u>
2025	\$ 14,459
2026	<u>9,632</u>
Total Lease Payments	24,091

EVERGREEN STATE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 7 - LEASES (Continued)

	<u>Operating</u>
Less amount representing interest	\$ <u>(1,636)</u>
Present Value of Lease Liabilities	22,455
Current portion of lease liabilities	<u>(13,123)</u>
Long-term Portion of Lease Liabilities	\$ <u>9,332</u>

NOTE 8 - CHARITABLE GIFT ANNUITIES

Certain donors have entered into charitable gift annuity agreements with the Foundation under which the Foundation received certain assets. In December 2015, the Foundation became a beneficiary of a split-interest agreement via a Charitable Lead Annuity Trust ("CLAT"). The beneficiary can be changed at will at any time. The CLAT is a \$5 million trust in which the Foundation is a 50% beneficiary, with the Foundation anticipating \$2.25 million in payments over the life of the agreement. The 15-year annuity payout is \$300,000 each year, of which the Foundation receives 50%, and the revenue is recognized at the time of receiving the payment.

NOTE 9 - RELEASE OF NET ASSETS

Net assets of \$4,620,127 and \$3,244,865 were released from donor restrictions for the years ended June 30, 2024 and 2023, respectively, by incurring expenses satisfying the restricted purposes or by the occurrences of other events specified by the donors.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction includes both endowed net assets with donor restriction and non-endowed net assets with donor restriction. Net assets with donor restriction support the following:

	<u>2024</u>	<u>2023</u>
Academic support and research	\$ 4,430,077	\$ 4,342,108
Other college support	1,000,991	2,470,509
Public service centers	3,047,698	978,848
Student aid	<u>18,473,912</u>	<u>16,317,245</u>
Total Net Assets with Donor Restriction	\$ <u>26,952,678</u>	\$ <u>24,108,710</u>

EVERGREEN STATE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 11 - CONCENTRATIONS

Major Donors

For the year ended June 30, 2024 and 2023, the Foundation received contributions from one donor that comprised approximately 38%, and two donors that comprised 29% of total contribution revenue.

NOTE 12 - IN-KIND SUPPORT

The Foundation receives substantial contributed support services under an agreement with the College. These services are included in both support and revenues and also in expenses on the accompanying statements of activities and changes in net assets. In addition, the Foundation receives in-kind donations from individuals and corporations.

Donated materials and services are as follows for the year ended June 30:

	<u>2024</u>	<u>2023</u>
From individual and corporate donors		
Artwork		\$ 42,450
Materials	\$ 3,758	
Auction items	<u>22,549</u>	<u>16,520</u>
Total In-kind Support from Individuals and Corporate Donors	26,307	58,970
From the College		
Management services	1,427,136	1,172,027
Rent	40,708	34,804
Supplies and equipment usage	<u>190,267</u>	<u>156,916</u>
Total In-kind Support from the College	<u>1,658,111</u>	<u>1,363,747</u>
Total In-kind Support	\$ <u>1,684,418</u>	\$ <u>1,422,717</u>

NOTE 13 - ADMINISTRATIVE AND ENDOWMENT FEES

The Foundation charges a 5% administrative fee to restricted, and some unrestricted, funds and transfers this amount to unrestricted net assets to cover funds-management, fundraising expenses and administration expenses. The Foundation charged \$115,948 and \$108,044 in administrative fees for the years ended June 30, 2024 and 2023, respectively.

EVERGREEN STATE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 13 - ADMINISTRATIVE AND ENDOWMENT FEES (Continued)

In June of 2021, the Foundation board adopted investment and spending policy revisions to implement a 1.0% endowment assessment fee to all endowment funds during the year ended June 30, 2022 to help fund a campaign budget and continue to fund Foundation and advancement activities after the campaign ends. Implementation of this policy changed the annual endowment distribution allocation. Prior to the change, all 5% of the distribution allocation went to fund scholarships and programs. After the change, 4% of the allocation funds went to fund scholarships and programs, and 1% funds the campaign and advancement activities. The Foundation charged \$151,434 and \$143,190 in endowment fees for the years ended June 30, 2024 and 2023, respectively.

NOTE 14 - SCHOLARSHIPS FOR FUTURE PERIODS

In April, May and June of each year, students receive notice of their scholarship awards for the following academic year. These scholarship funds are recognized when they are offered to the student and remain in the Foundation until August or September. The scholarships are reclassified into their own internal account for tracking purposes. In August or September, the Foundation transfers the funds to the College and then the College applies the funds to the student accounts. The amount and number of scholarships varies from year-to-year. The annual scholarship amount and number of scholarships to be awarded is determined by the following:

- Donor intent as defined in gift agreement.
- Foundation spending policy.
- For unrestricted scholarships, determined by the board.
- Number of awards from larger scholarship funds is determined by judgment of College staff if a donor does not express a preference (i.e., is it better to have two \$1,000 scholarships or one \$2,000 scholarship).

As of June 30, 2024, the Foundation held funds earmarked for academic year 2024 - 2025 scholarships in the amount of \$1,356,680. As of June 30, 2023, the Foundation held funds earmarked for academic year 2023 - 2022 scholarships in the amount of \$1,029,203. Of those amounts, \$542,480 and \$509,815, respectively, were available for endowment-based scholarships, and \$814,200 and \$519,388 were available for one-time scholarships on June 30, 2024 and 2023, respectively.

Though the entire amount of the funds held are available for scholarships, not all of the scholarship offers are accepted. Additionally, there are times when students accept their scholarship offer but end up not enrolled in the new academic year or are no longer qualified for the scholarship when classes begin, thereby leaving the scholarship unused. Any unused scholarship funds are returned to the Foundation and are held for future scholarships in the following academic year.

EVERGREEN STATE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 15 - SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through March 4, 2025, the date on which the financial statements were available to be issued.



The Evergreen State College Foundation is a 501(c)(3) nonprofit organization dedicated to building an outstanding future for The Evergreen State College. Since 1976, the foundation has supported this goal by raising private gifts from our generous donors. Donations ensure access for students who may not be able to afford the cost of attendance, support faculty research, facilitate work led by the college's public service centers and much more. The Evergreen State College Foundation 2700 Evergreen Parkway NW, Olympia, WA 98505 evergreen.edu/foundation (360) 867-6300