evergreen

2025 Annual Report

ANNUAL FINANCIAL REPORT

FOR JUNE 30, 2025

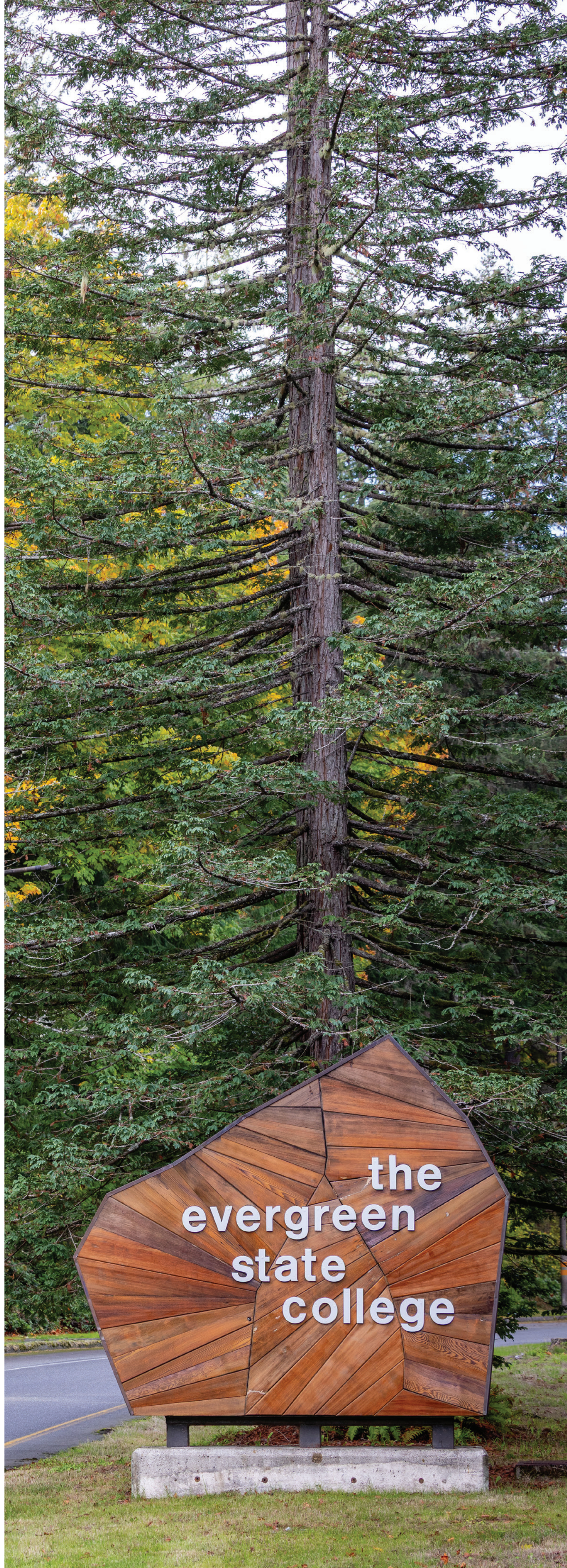


Table of Contents

Office of the Washington State Auditor
Pat McCarthy

July 6, 2026

Board of Trustees
The Evergreen State College
Olympia, Washington

Report on Financial Statements

Please find attached our report on The Evergreen State College's financial statements.

We are issuing this report for inclusion in the College's annual financial report package, which will be issued by the College under the College's own cover.

This report is in addition to our regular financial statement audit report, which will be available on our website and includes the College's basic financial statements.

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

Office of the Washington State Auditor
Pat McCarthy

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Board of Trustees
The Evergreen State College
Olympia, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of The Evergreen State College (the College), as of and for the year then ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of The Evergreen State College, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of The Evergreen State College Foundation (the Foundation), which represent 100% of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the reports of other auditors. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards.*

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matters of Emphasis

As discussed in Note 1, the financial statements of The Evergreen State College, an agency of the state of Washington, are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only the respective portion of the activities of the state of Washington that is attributable to the transactions of the College and its aggregate discretely presented component units. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, in 2025, the College implemented a new calculation methodology for its scholarship discount and allowances and related balances, in accordance with the National Association of College and University Business Officers' *Advisory 2023-01*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 and *Government Auditing Standards* 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.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- 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 College'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 College's ability to continue as a going concern for a reasonable period of time; and
- 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The other information comprises information about the Board of Trustees, administrative information, and photos, but does not include the basic financial statements and our auditor's report thereon. Management is responsible for the other information included in the financial statements. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with the audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2026, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Sincerely,

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

July 6, 2026

The Evergreen State College

The following discussion and analysis provide an overview of the financial position and activities of The Evergreen State College (the College) for the fiscal years (FY) ended June 30, 2025. Management's Discussion and Analysis (MD&A) provides the readers with an objective and easily readable analysis of the College's financial performance for the year, based on currently known facts and conditions. This discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes.

Reporting Entity

The Evergreen State College is one of six state-assisted, four-year public institutions of higher education in the state of Washington, providing baccalaureate and graduate educational programs to approximately 2,500 students. The College was established in 1967, and its primary purpose is to prepare individuals for successful contributions to society through their careers and in their leadership roles as citizens.

The College's campus is located in Olympia, Washington, a community of approximately 46,500 residents. The College also has operations in Tacoma and along the Olympic Peninsula on the Quinault Indian Reservation. The College is governed by an eight-member Board of Trustees appointed by the governor of the state with the consent of the state Senate. One of the members is a full-time student at the College. By statute, the Board of Trustees has full control of the College and its property of various kinds, except as otherwise provided by law.

Using the Financial Statements

The College reports as a business-type activity as defined by the Governmental Accounting Standards Board (GASB). The financial report consists of three financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flow. The Statement of Net Position provides information about the College at a moment in time, the June 30 fiscal year-end. The Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows provide information about the College's activities and operations during the fiscal year. In conjunction with the Notes to the Financial Statements, the financial statements provide a comprehensive way to assess the College's financial health. The financial statements are prepared under accounting principles generally accepted in the United States of America.

According to GASB requirements, The Evergreen State College Foundation is a component unit of the College therefore, the foundation's financial statements and the notes to their financial statements are incorporated in this financial report.

Changes in Accounting Standards

On July 1, 2025, The Evergreen State College adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This statement refines the recognition and measurement criteria for compensated absences to improve consistency and comparability in governmental financial reporting.

Under the new standard, the College now measures compensated absences using the LIFO (last-in, first-out) method for determining which leave hours are expected to be used or paid. Consistent with the classification guidance in GASB 101, compensatory time and other leave types expected to be settled within the next fiscal year are reported as current liabilities, while vacation and sick leave expected to be paid beyond one year are classified as non-current liabilities.

The adoption of GASB 101 resulted in a reclassification of certain compensated absence balances between current and non-current liability categories. However, the implementation did not have a material impact on the College's overall net position.

Statements of Net Positions

The Statements of Net Positions provide information about the College's financial position and present the College's assets, liabilities, deferred inflows, deferred outflows, and net positions at year-end.

A condensed comparison of the Statements of Net Positions as of June 30, 2025 and 2024 follows:

Condensed Statement of Net Position (in thousands)		2025		2024
Assets				
Current Assets	$	48,580	$	44,200
Capital Assets, net		179,085		166,204
Non-current Assets		7,883		8,504
Total Assets	**$**	**235,548**	**$**	**218,908**
Deferred Outflows	$	10,718	$	9,745
Liabilities				
Current Liabilities		15,552		14,653
Non-current Liabilities		38,093		33,458
Total Liabilities	**$**	**53,645**	**$**	**48,111**
Deferred Inflows	$	21,176	$	25,154
Total Net Position	**$**	**171,445**	**$**	**155,388**

Assets

Current assets consist primarily of cash, short-term investments, receivables, and inventories. In FY2025, current assets increased by approximately $4.4 million, or 10%. This growth was driven largely by a $4.3 million rise in accounts receivable (net of allowance), which reflects: $1.0 million in PELL and SEOG grant receivables due to enrollment growth, $0.5 million from a new laboratory equipment grant receivable, and $1.2 million pending reimbursement for the IT modernization project from the state.

Additionally, funds held with the State Treasurer increased by $3.7 million, primarily due to Dorm C and D Certificate of Participation (COP) issuances in 2025. These increases were offset by a $3.7 million decrease in cash and cash equivalents and due from the State Treasurer.

Current assets exceeded current liabilities by $33 million, representing a year-over-year increase of $3.5 million from FY2024. The College's current ratio of 3.12 to 1 demonstrates strong liquidity and the ability to meet short-term obligations with ease. Current liabilities typically fluctuate depending on the timing of payments, deposits, and revenue applicable to the next fiscal year.

Noncurrent assets decreased $621 thousand, or 7%, in FY2025. This decline was primarily due to an $870 thousand reduction in pension assets, partially offset by a $258 thousand increase in noncurrent investments, driven mainly by unrealized gains.

Deferred outflows

Deferred outflows related to pension and OPEB increased by about $1 million, or 10%, in FY2025. This was driven by a $1.8 million rise in the pension deferred outflows from anticipated salary growth. These gains were partially offset by a $710 thousand decrease in the College's Supplemental Retirement Plan (SRP), resulting from better-than-expected investment returns, and a $64 thousand reduction in OPEB deferred outflows due to annual amortization

Liabilities

Liabilities include amounts payable to suppliers for goods and services, accrued payroll, leave and related liabilities, debt, deposits held for others, unearned revenue, OPEB, and pension liabilities.

Current liabilities increased by $899 thousand, or 6%, in FY2025. The increase was due to a $2.7 million increase in accounts payable, reflecting the timing of payments across fiscal years, and a $1 million increase in unearned revenues, mainly from enrollment growth and an increase in prepaid private grant funds. Those increases are offset by a $3 million reduction in compensated absences liability following the implementation of GASB 101, which updated the recognition and measurement guidance for compensated absences.

Noncurrent liabilities increased $4.6 million, or 14%, in FY2025. The increase was primarily driven by a $3.5 million rise in compensated absences liabilities following the implementation of GASB 101 compensated absences. Additionally, long-term debt grew by $2.7 million due to new financing for Dorm C and D renovations. These increases are offset by a $1.1 million reduction in pension liabilities, resulting from higher investment earnings within the plan, and a $274 thousand decrease in other post-employment benefits (OPEB) liabilities, attributable to a higher discount rate and favorable healthcare cost trends used in liability calculations.

Deferred inflows

Deferred inflows related to pensions and OPEB decreased by $4 million, or 16%, in FY2025. Pension-related deferred inflows declined $2 million due to higher net investment earnings within the plans, while OPEB deferred inflows decreased by 2 million as a result of changes in assumptions.

Capital Asset

During FY2025, the College continued to expand its investment in capital assets (Note 6). The net value of capital assets increased by about $13 million, or 8%, in FY2025. New capitalized assets totaled $11.3 million, including the completion and capitalization of the A and B Dorm renovations ($4.8 million), LAB II HVAC upgrades ($3.8 million), and various equipment purchases ($2.6 million). Additions to Construction in Progress amounted to $16.4 million, primarily for the SEM I renovation ($15.2 million), the D Dorm renovation ($176 thousand), and Pumphouse upgrades ($1 million). These increases were partially offset by the current-year depreciation expense of $6.6 million.

In accordance with the College's 10-year Facilities Master Plan, the College will continue to invest in the development of new capital assets, capital improvements, and preservation of the infrastructure of state assets.

Debt

The Board of Trustees authorizes the College's long-term debt issuance (Notes 9 & 10). The College's debt portfolio consists primarily of fixed-rate debt in the form of General Revenue Bonds and state-issued General Obligation Bonds. In February and May of 2025, the College obtained financing to cover the cost of the Residential Services Dorms D and C renovation projects through Certificates of Participation (COP), issued by the Washington Office of State Treasurer in the amounts of $2,040,000 and $2,095,000, respectively. The Office of State Treasurer notified the College that Internal Revenue Code regulations on arbitrage for these notes are for an 18 month period. The College is in compliance with these Arbitrage regulations as of June 30, 2025. As of June 30, 2025, the College had $15.7 million in bonds and notes payable outstanding, an increase of 22% from June 30, 2024, reflecting these new debt issuances.

Net Position

Net position represents the difference between the College's assets and deferred outflows, less liabilities and deferred inflows. Changes in net position indicate whether the College's overall financial condition has improved or declined during the year and are primarily driven by the difference between revenues and expenses. In FY2025, net position increased by $16 million, or 10%, bringing the year-end balance to $171.4 million.

The College reports its net position in the following categories:

Net Investment in Capital Assets

This is the College's total investment in property, plant, equipment, and infrastructure net of accumulated depreciation and outstanding debt obligations related to those capital assets (See Note 6).

Restricted Net Position

- Pensions consist of net pension assets related to the defined benefit retirement plans that are legally or contractually restricted. Currently, the net position in restricted pensions is due to the retirement plans PERS 2 & 3, TRS 2 & 3, and LEOFF being fully funded. (See Note 17)
- Nonexpendable consists of funds in which the donor or external party has imposed the restriction that the corpus or principal is not available for expenditures but for investment purposes only.
- Expendable consists of resources in which the College is legally or contractually obligated to spend in accordance with restrictions placed by donor and/or external parties that have placed time or purpose restrictions on the use of the asset. The primary expendable funds for the College are student loans, capital projects funds, and the expendable portion of endowments.

Unrestricted Net Position

These are all the other funds available to the College for the general and educational obligations to meet current expenses for any lawful purpose. Unrestricted net position assets are not subject to externally imposed stipulations; however, the College has designated the majority of unrestricted net position for various academic and college support functions. This is also the net position classification most affected by the implementation of GASB pronouncements regarding accounting and reporting of long-term liabilities. The College's net position as of June 30, 2025, and 2024 are summarized as follows:

(in thousands)	2025	2024
Net investment in Capital Assets	$ 163,195	$ 153,029
Restricted:		
Pension	4,578	5,447
Non-expendable: Scholarships and Professorships	2,155	2,155
Expendable	2,891	2,522
Unrestricted	(1,374)	(7,765)
Total Net Position	**$ 171,445**	**$ 155,388**

Statements of Revenues, Expenses, and Changes in Net Positions

The Statement of Revenues, Expenses, and Changes in Net Positions presents the details of the changes in total net position for the College. The objective of the statement is to provide information about the operating performance of the College by presenting the revenue and expenditures, both operating and non-operating, along with any other revenue, expenses, gains, and losses of the College.

Generally, operating revenues are revenues earned by the College in exchange for providing goods and services. Operating expenses are defined as expenses incurred in the normal operation of the College, including a provision for allowance of depreciation on property and equipment assets. The difference between operating revenues and operating expenses is the operating loss. The College will always be expected to show an operating loss because state appropriations are classified as non-operating revenues as required by the Governmental Accounting Standards Board (GASB), the rule-setting body for accounting standards applied to the College.

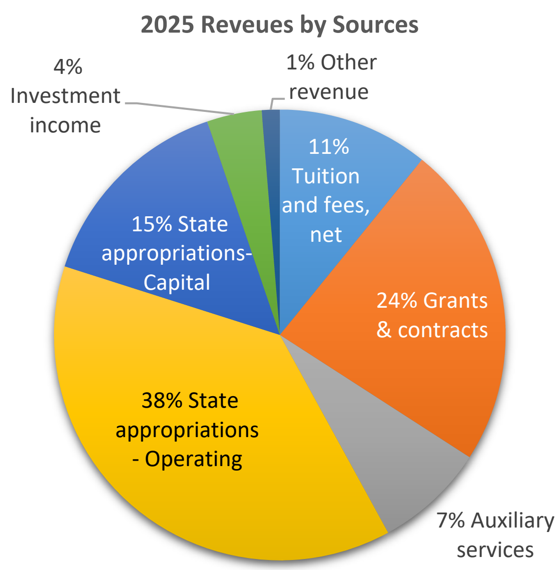
A summary of the College's Condensed Statements of Revenues, Expenses, and Changes in Net Positions for the fiscal years ended June 30, 2025, and 2024 follows:

Condensed Statements of Revenues, Expenses, and Changes in Net Position (in thousands):	2025	2024
Revenue		
Tuition and fees, net	$ 13,361	$ 14,942
Grants and contracts	21,145	19,329
Auxiliary services	8,272	8,795
Other operating revenues	1,599	1,518
Total operating revenues	**44,377**	**44,584**
State appropriations	47,346	44,156
Investment income	4,917	5,042
Other nonoperating revenues	7,962	5,364
Total non-operating revenue	**60,225**	**54,562**
Total Revenue	**104,602**	**99,146**
Expenses		
Salaries and benefits	64,083	58,298
Other operating expenses	42,196	39,909
Total operating expenses	**106,279**	**98,207**
Interest expense	849	912
Total non-operating expenses	**849**	**912**
Total expenses	**107,127**	**96,084**
Excess	**(2,525)**	**26**
Capital Appropriations and contributions	**18,582**	**5,852**
Net position at beginning of year	155,388	149,510
Change in net position	16,057	5,878
Net position at end of year	**$ 171,445**	**$ 155,388**

Operating and Non-Operating Revenues

Operating revenues primarily include tuition and fees (net of scholarship discounts and allowances), grants and contracts, and sales and services revenue generated by auxiliary enterprises (net of discounts and allowances) and other support operations. Non-operating revenues consist mainly of state appropriations, investment income, and Pell Grants for student financial aid. Other revenues and expenses are derived almost entirely from state capital appropriations. The following table and graph reflect all revenues from all sources for fiscal years 2025 and 2024.

Revenues by Sources (in thousands)		2025			2024	
Tuition and fees, net	$	13,361	11%	$	14,942	14%
Grants and contracts		29,107	24%		24,693	24%
Auxiliary services, net		8,272	7%		8,795	8%
State Operating appropriations		47,346	38%		44,156	42%
Capital appropriations and contributions		18,582	15%		5,852	6%
Investment income		4,917	4%		5,042	5%
Other revenue		1,599	1%		1,518	1%
Total Revenues	**$**	**123,184**	**100%**	**$**	**104,998**	**100%**

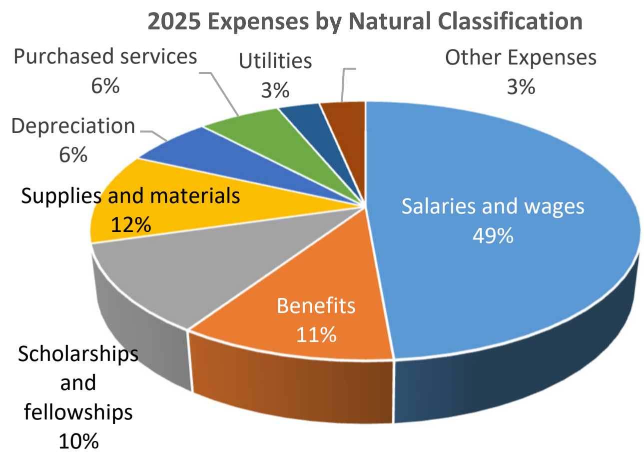


Tuition revenues, net of scholarship discounts and allowances, decreased by $1.6 million, or 11% in FY2025. Gross tuition and fee revenue before scholarship discounts and allowances increased by $2.9 million, or 10%, driven by continued enrollment growth and a 3.3% tuition rate increase. The tuition revenue increase was offset by an increase of $4.5 million, or 35%, in scholarship discounts and allowances in FY2025. The increase in scholarship discounts and allowances was attributed to an increase of $2.6 million in Pell grants from serving more students and a change in Pell eligibility due to FAFSA simplification. The Washington College Grant funding also grew by $1.7 million, reflecting higher enrollment and increased award amounts to align with tuition growth. Additionally, the College implemented the National Association of College and University Business Officers' (NACUBO) new scholarship discount methodology (Method B – detail by student and by fiscal year), which resulted in a calculated total discount amount approximately $1.2 million higher than the previous Alternate Method that allocated institutional aid proportionally between the discount and student aid expense.

Grants and contracts revenue increased by about $4.4 million, or 18%, in FY2025. This growth was primarily driven by a $2.6 million increase in federal Pell Grants and a $1.7 million increase in Washington College Grants, both resulting from enrollment growth.

Auxiliary revenue, net of discounts and allowances, decreased by $522 thousand, or 6%, in FY2025. This was driven by a $400 thousand increase in housing revenue, a $300 thousand increase from Conference Services' EF Language program, and a $400 thousand increase in other auxiliary services from serving more students. These increases were offset by auxiliary discounts and allowances of $1.6 million from implementation of NACUBO scholarship discount methodology. State appropriations for operating activities increased by $3.2 million, while capital appropriations increased by $11.5 million, primarily for the SEM I building renovation. Investment income decreased by $125 thousand as a result of lower interest rates in 2025.

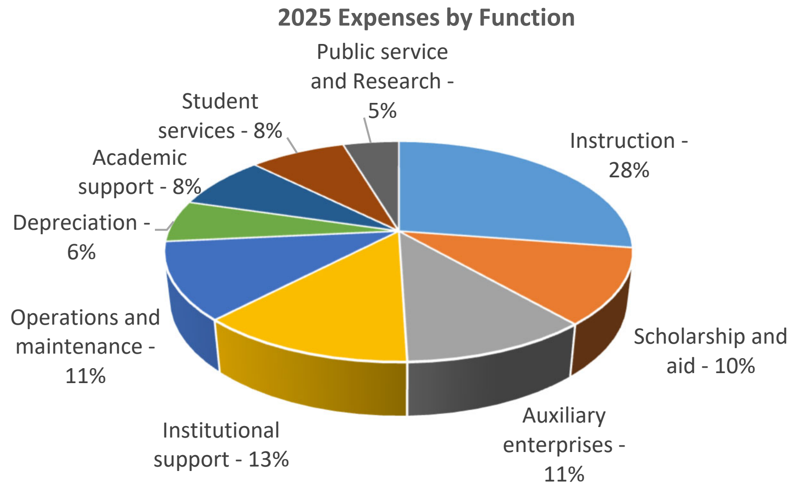
Operating Expenses



In 2025, the College's total operating expenses increased by about $8 million, or 8%. Faculty and staff compensation and benefits continued to represent the largest share of operating costs, accounting for about 60% and 59% of expenses in 2025 and 2024, respectively. Salaries increased by $4.5 million, or 9%, primarily due to cost-of-living adjustments, while benefits rose by $1.3 million, or 13%, largely as a result of higher wages. Scholarship expenses decreased by $215 thousand, or 2%, driven by increases in Pell grants and Washington State College Grants associated with enrollment growth, offset by $2.9 million increase in scholarship discounts and allowances due to the implementation of the new NACUBO scholarship discount method compared to the old method. Supplies and materials increased by $3 million, or 32%, reflecting higher building and facilities maintenance expenses and overall price increases across all categories. There is a new category of Other Expenses that was added this year to include subscriptions, travel, and some other expenses previously included in the Supplies and Materials category to more accurately report expenses in their natural classification. FY2024 operating expenses were reclassified and restated with the same method for comparison. The following table reflects the operating expenses by natural categories for fiscal years 2025 and 2024.

Operating Expense by Natural Classification						
(in thousands)		2025			2024	
Salaries and wages	$	52,528	49%	$	48,035	50%
Benefits		11,555	11%		10,263	11%
Scholarships and fellowships		10,264	10%		10,479	8%
Supplies and materials		12,361	12%		9,345	10%
Depreciation		6,618	6%		6,600	7%
Purchased services		6,239	6%		6,878	7%
Utilities		3,201	3%		2,974	3%
Other Expenses		3,513	3%		3,634	4%
Total operating expenses		**106,279**	**100%**		**98,208**	**100%**

Instruction, one of the College's primary functions, accounted for 28% of total operating expenses in FY2025. Institutional support, scholarship and aid, auxiliary enterprises, and operations and maintenance represented the next largest components, collectively comprising 45% of the College's operating expenses for the year.



The table reflects the operating expenses by function for the fiscal years 2025 and 2024:

Operating Expenses by Function						
(in thousands)		2025			2024	
Instruction	$	29,604	28%	$	25,741	26%
Scholarship and aid		10,264	10%		10,479	11%
Auxiliary enterprises		11,900	11%		11,392	12%
Institutional support		13,615	13%		11,377	12%
Operations and maintenance		12,254	11%		11,645	12%
Depreciation		6,618	6%		6,600	7%
Academic support		8,495	8%		8,853	9%
Student services		8,560	8%		7,801	8%
Public service and Research		4,970	5%		4,320	4%
Total operating expenses	**$**	**106,279**	**100%**	**$**	**98,208**	**100%**

Economic Factors That May Affect the Future

Evergreen's enrollment has grown steadily over the past few years, continuing into 2025 with a 6.5% increase from Fall 2024 to Fall 2025. To sustain this momentum, the college adopted a new strategic plan in 2025 aimed at increasing enrollment by 1,000 students over the next five years.

Under the state policy established in 2015, resident undergraduate tuition has been allowed to increase by 2.0%–3.3% annually. While the legislature retains the authority to revise this policy, it has consistently maintained these limits. Accordingly, the college expects resident undergraduate tuition to continue rising within this range in the near future. The Board of Trustees retains broad authority over tuition and fees for all other categories, and tuition for 2026 is projected to increase by 3.3% across all student groups.

The state of Washington, which provided approximately 54% of the College's total revenues in fiscal year 2025, has seen decreasing tax collections and a four-year budget shortfall of over $15 billion. During the 2025 legislative session, the state passed a biennial operating budget, which included a reduction in state funding to the College of 1.5% for fiscal year 2026 and 6.2% for fiscal year 2027. Additionally, the state reduced its share of funding for the College's salary and benefit costs for employees.

The College will continue to monitor state revenue forecasts as they are periodically released by the Washington State Economic and Revenue Forecast Council.

The Evergreen State College
Statement of Net Position
June 30, 2025

		2025
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	$	29,145,533
Restricted investments (Note 2)		143,550
Due from State Treasurer		1,040,526
Funds held with State Treasurer (Note 3)		7,864,911
Accounts receivable, net (Note 4)		9,836,423
Student loan receivables, net (Note 4)		658
Inventories (Note 5)		548,868
Total current assets		**48,580,469**
Non-Current Assets		
Restricted investments		3,304,954
Net pension asset (Note 17)		4,577,492
Capital assets, net of depreciation (Note 6)		179,085,248
Total non-current assets		**186,967,694**
Total assets		**235,548,163**
Deferred Outflows		
Relating to pension (Note 17)		8,892,520
Relating to OPEB (Note 15)		1,823,426
Deferred outflow on refundings		2,285
Total deferred outflows		**10,718,231**
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses		8,579,169
Unearned revenues		3,748,654
Deposits payable		465,788
Current portion, compensated absences (Note 7)		101,670
Current portion, lease liability (Note 11)		136,397
Current portion, total OPEB liability (Note 15)		461,430
Current portion, net pension liability (Note 17)		154,000
Current portion, long term debt (Note 9, 10)		1,905,000
Total current liabilities		**15,552,108**
Non-Current Liabilities		
Compensated absences (Note 7)		3,957,890
Lease liability (Note 11)		68,655
Net pension liability (Note 17)		3,227,704
Total OPEB liability (Note 15)		17,056,111
Long term debt (Note 9, 10)		13,782,221
Total non-current liabilities		**38,092,581**
Total liabilities		**53,644,689**

See Accompanying Notes to the Financial Statements

The Evergreen State College
Statement of Net Position
June 30, 2025

Deferred Inflows	
Relating to pension (Note 17)	5,562,086
Relating to OPEB (Note 15)	15,614,130
Total deferred inflows	**21,176,216**
Net Position	
Net Investment in capital assets	163,195,260
Restricted for:	
Pensions	4,577,492
Nonexpendable:	
Scholarships and professorships	2,155,240
Expendable:	
Loans	1,645,069
Endowment earnings	1,246,173
Unrestricted	(1,373,746)
Total net position	**$ 171,445,488**

See Accompanying Notes to the Financial Statements

THE EVERGREEN STATE COLLEGE FOUNDATION
Statements of Financial Position
Year Ended June 30, 2025

		2025
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	1,706,693
Investment cash		1,203,150
Unconditional promises to give, current		409,500
Total Current Assets		**3,319,343**
OTHER ASSETS		
Investments		27,021,153
Operating right-of-use assets, net		10,104
Long-term unconditional promises to give, net		1,173,189
Total Other Assets		**28,204,446**
TOTAL ASSETS	**$**	**31,523,789**
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$	53,718
Payable to Evergreen State College		71,146
Operating lease liability, current portion		9,332
Total Current Liabilities		**134,196**
OPERATING LEASE LIABILITY, net		**-**
Total Liabilities		**134,196**
NET ASSETS		
Without Donor Restrictions		
Unrestricted		1,466,095
Board-designated - endowment		1,719,691
Total Net Assets Without Donor Restrictions		**3,185,786**
With donor restrictions		28,203,807
Total Net Assets		**31,389,593**
TOTAL LIABILITIES AND NET ASSETS	**$**	**31,523,789**

The accompanying notes are an integral part of these financial statements

The Evergreen State College
Statement of Revenue, Expenses and Changes in Net Position
For Year Ended June 30, 2025

		2025
Operating Revenues		
Student tuition and fees	$	30,687,927
Less scholarship discounts and allowances		(17,326,914)
Auxiliary enterprise sales		9,879,866
Less discounts and allowances		(1,607,499)
State and local grants and contracts		11,584,034
Federal grants and contracts		5,549,713
Nongovernmental grants and contracts		4,011,951
Other operating revenue		1,445,617
Sales and services of educational activities		153,831
Total operating revenue		**44,378,526**
Operating Expenses		
Salaries and wages		52,527,772
Benefits		11,555,537
Scholarships and fellowships		10,263,964
Supplies and materials		12,361,283
Depreciation and amortization		6,618,196
Purchased services		6,238,777
Utilities		3,200,882
Other expenses		3,512,519
Total operating expenses		**106,278,930**
Operating loss		**(61,900,403)**
Non-Operating Revenues (Expenses)		
State appropriations		47,345,887
Federal pell grant revenue		7,961,657
Investment income, gains and losses		4,917,281
Interest expense		(849,342)
Net non-operating revenues		**59,375,483**
Income before contributions		**(2,524,920)**
Capital contribution		1,229,412
Capital appropriations		17,353,045
Increase in net position		**16,057,536**
Net Position		
Net position, beginning of year		155,387,952
Increase in net position		16,057,536
Net position, end of year	**$**	**171,445,488**

See Accompanying Notes to the Financial Statments

THE EVERGREEN STATE COLLEGE FOUNDATION
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2025

	Without Donor Restriction	With Donor Restriction	2025 Total
REVENUES AND SUPPORT			
Gifts and contributions	$ 507,450	$ 2,927,572	$ 3,435,022
In-kind support from the College	1,680,626	-	1,680,626
Other in-kind support		31,033	31,033
Investment income	464,375	1,954,848	2,419,223
Administrative fees	284,367	-	284,367
Reclassifications and transfers	(2,383)	2,383	-
Net assets released from restrictions	3,664,707	(3,664,707)	-
Total Revenue and Support	**6,599,142**	**1,251,129**	**7,850,271**
FUNCTIONAL EXPENSES			
Program services:			
Grants and scholarships	3,879,704	-	3,879,704
Other College support	381,209	-	381,209
Total program services	4,260,913	-	4,260,913
Support Services:			
Management and general	1,167,194	-	1,167,194
Fundraising	831,170	-	831,170
Total support services	1,998,364	-	1,998,364
Total Functional Expenses	**6,259,277**	**-**	**6,259,277**
CHANGE IN NET ASSETS	**339,865**	**1,251,129**	**1,590,994**
Net Assets at Beginning of Year	2,845,921	26,952,678	29,798,599
NET ASSETS AT END OF YEAR	**$ 3,185,786**	**$ 28,203,807**	**$ 31,389,593**

The accompanying notes are an integral part of these financial statements

The Evergreen State College
Statement of Cash Flow
For Year Ended June 30, 2025

		2025
Cash flows from operating activities		
Student tuition and fees	$	21,532,098
Grants and contracts		21,145,698
Sales and services of educational activities		153,831
Auxiliary enterprise sales		8,272,367
Payments to employees		(69,037,395)
Payment to vendors		(22,663,780)
Payment for scholarships and fellowships		(20,412,339)
Net cash used by operating activities		(61,009,520)
Cash flows from noncapital financing activities		
State operating appropriations		47,345,887
Direct lending receipts		11,790,930
Direct lending disbursements		(11,790,930)
Federal pell grant receipts		7,205,836
Net cash provided by noncapital financing activities		54,551,723
Cash flows from capital and related financing activities		
Capital appropriations		17,786,805
Capital contributions		1,229,412
Purchase of capital assets		(19,226,117)
Principal paid on capital debt		(1,710,000)
Interest expense		(702,895)
Net cash used by capital and related financing activities		(2,622,795)
Cash flows from investing activities		
Proceeds from sales and maturities of investments		134,870
Income from investments, net		5,632,334
Net cash provided by investing activities		5,767,204
Decrease in cash and cash equivalents		(3,313,388)
Cash and cash equivalents at the beginning of the year		32,458,921
Cash and cash equivalents at the end of the year	$	29,145,533

See Accompanying Notes to the Financial Statements.

The Evergreen State College
Statement of Cash Flow
For Year Ended June 30, 2025

Reconciliation of Operating Loss to Net Cash used by Operating Activities

Operating Loss	($61,900,403)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation expense	6,618,196
Changes in assets, liabilities, deferred outflows and inflows of resources	
Accounts receivable	(4,337,971)
Loans receivable	11,170
Inventory	(40,573)
Accounts payable and accrued expenses	3,192,384
Unearned revenues	965,644
Deposits	(61,751)
Pension assets/liabilities	(228,348)
OPEB liabilities	(273,752)
Pension and OPEB related deferred outflows and inflows of resources	(4,954,116)
Net cash used by operating activities	$ (61,009,520)

See Accompanying Notes to the Financial Statements.

THE EVERGREEN STATE COLLEGE FOUNDATION
Statement of Cash Flow
Year Ended June 30, 2025

	2025
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 1,590,994
Adjustments to reconcile change in net assets to net	
cash provided by operating activities:	
Contributions restricted for long term purposes	(679,120)
Operating right-of-use asset amortization	14,151
Amortization of discount on unconditional promises to give	(70,743)
DIscount on unconditional to give	5,748
Decrease in unconditional promise to give	545,222
Donated marketable securities	(237,728)
Unrealized gains on investments	(1,498,084)
Loss on donated marketable securities	17,087
Increase in accounts payable	8,763
Increase in payable to the College	21,122
Decrease in operating lease liabilty	(13,123)
Net cash provided (used) by operating activities	**(295,711)**
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of investment	745,464
Purchase of investments	(652,090)
Reinvested earnings, net of expenses	(736,036)
Proceeds from sale of donated stock	220,641
Net cash Provided (used) by investing activities	**(422,021)**
CASH FLOWS FROM FINANCING ACTIVITIES	
Contributions restricted for long-term purposes	679,120
NET (DECREASE) IN CASH	**(38,612)**
Cash and Cash Equivalents at Beginning of Year	2,948,455
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 2,909,843**
COMPONENT OF CASH AND CASH EQUIVALENTS	
Cash and cash equivalents	$ 1,706,693
Investment cash	1,203,150
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 2,909,843**

Note 1. Summary of Significant Accounting Policies

Financial Reporting Entity

The Evergreen State College (the College) is a comprehensive institution of higher education offering baccalaureate and master's degrees. The College is an agency of the State of Washington and is governed by an eight-member Board of Trustees appointed by the Governor and confirmed by the State Senate. The College's financial activity is included in the general purpose financial statements of the State of Washington.

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its discretely presented component unit, also the only related party for the College, the Evergreen State College Foundation (the Foundation).

The Foundation is a legally separate, tax-exempt entity. The Board of Governors is self-perpetuating and consists of 18 members. The College has an agreement with the Foundation to design and implement such programs and procedures so as to persuade continuous and special philanthropic support for the benefit of the College. In exchange, the College provides the Foundation with office facilities, furniture and equipment, and a significant number of full-time employees and support services, including depository, disbursing, and payroll and purchasing functions. Although the College does not control the timing or amount of receipts from the Foundation, the majority of the resources or income the Foundation holds and invests is restricted for the activities of the College by the donors. The Foundation's activity is reported in separate financial statements because of the difference in its reporting model as described below.

The Foundation reports its financial results under Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 958-605, Revenue Recognition, and ASC 958-205, Presentation of Financial Statement. As such, certain revenue recognition criteria and presentation features are different from GASB. No modifications have been made to the Foundation's financial information in the College's financial statement for these differences.

During the fiscal year ending June 30, 2025, the Foundation distributed approximately $3.5 million to the College for restricted and unrestricted purposes. Intra-entity transactions and balances between the College and the Foundation are not eliminated for financial statement presentation. Audited financial statements of the Foundation may be found at www.evergreen.edu/foundation/.

Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged in business-type activities as defined by GASB. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The College reports capital assets net of accumulated depreciation and reports depreciation expense in the Statements of Revenues, Expenses, and Changes in Net Position.

New Accounting Pronouncements

On July 1, 2024, the College adopted GASB Statement No. 101, "Compensated Absences." This Statement updates the recognition and measurement guidance of compensated absences. It requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. As a result of adopting this statement, the July 1, 2024, compensated absence balance was increased by $50,795 from the previous method. Under this statement, both vacation and sick leave are reported as non-current liabilities, and compensatory time and other leave types expected to be settled within the next fiscal year are reported as current liabilities. The College now measures compensated absences using the LIFO (last in, first out) method for determining which leave hours are expected to be used or paid.

Cash and Cash Equivalents

For the purposes of the statements of cash flow, the College considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents. Funds invested through the State Treasurer's Local Government Investment Pool are also considered cash equivalents. Cash in the investment portfolio is not included in cash and cash equivalents as it is held for investing purposes.

Investments

The College, through its investment policy, where applicable, manages its exposure to custodial credit risk, credit risk, concentration of credit risk and interest rate risk by investing only in eligible investments authorized by State statute found in RCW 39 and 43. Investments are discussed further in Note 2.

Accounts Receivable

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Receivables also include amounts due from the federal, state, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable is recorded net of any estimated uncollectible amount.

Inventories

Inventories consist primarily of merchandise and consumables held by auxiliary and internal service departments. They are valued at cost using the first in, first out method.

Capital Assets

Land, buildings, equipment, and library resources are stated at cost or, if acquired by gift, at acquisition value at the date of the gift. Additions, replacements, major repairs, and renovations are capitalized.

The capitalization threshold for intangibles, such as computer software, is $1 million, a $100,000 or greater threshold for buildings and infrastructure, and $10,000 ($5,000, before October 1, 2024) or greater for equipment. The purchase of land is capitalized regardless of cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for building components, 20 to 50 years for infrastructure and land improvements, 15 years for library resources, and 5 to 7 years for equipment.

Deferred Outflows of Resources and Deferred Inflows of Resources

Changes in net pension liability and total OPEB liability not included in pension or OPEB expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability or total OPEB liability are reported as deferred outflows of resources.

Unearned Revenue

Unearned revenues occur when funds have been collected in advance of an event, such as advance ticket sales, summer quarter tuition, and unspent cash advances on certain grants.

Compensated Absences

College employees accrue annual leave at rates based on length of service and sick leave at the rate of one day (8 hours) per month. Employees are entitled to either the present value of 25% of their unused sick leave upon retirement or 25% of their net accumulation for the year in which it exceeds 480 hours. Both annual leave and sick leave are reported as non-current liabilities, and compensatory time and other leave types expected to be settled within the next fiscal year are reported as current liabilities from the implementation of GASB 101, Compensated Absences.

Leases

The College determines if an arrangement is a lease at the inception of the lease contract. Lessee arrangements are included in capital assets and long-term liabilities in the Statements of Net Position. Lease assets represent the College's right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized on a straight-line basis over the lease term. Lease liabilities represent the College's obligation to make lease payments arising from the lessee arrangement. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the College will exercise that option. The College recognizes payments for short-term leases with a lease term of 12 months or less as expense as the payments are made.

Net Pension Liability

TESC records pension obligations equal to the net pension liability for its defined benefit plans. The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. The fiduciary net position and changes in net position of the defined benefit plans have been measured consistently with the accounting policies used by the plans. The total pension liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year end. Projected benefit payments are discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available. Pension expense is recognized for benefits earned during the measurement period, interest on the unfunded liability and changes in benefit terms. The differences between expected and actual performance and changes in assumptions about future economic factors are reported as deferred inflows or outflows and are recognized over the average expected remaining service period for employees eligible for pension benefits. The differences between expected and actual returns are reported as deferred inflows or outflows and are recognized over five years.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statements of Revenues, Expenses, and Changes in Net Positions. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the student's behalf. Certain governmental grants, such as Pell grants, and other federal, state, or non-governmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees, and other student charges, the College has recorded a scholarship discount and allowance. For the FY2025 financial statement, the college adopted one of the new National Association of College and University Business Officers (NACUBO) scholarship discounts and allowances calculation methods – Method B, Detail by Student, by FY, for more accurate reporting of the discount amount. The previous Alternate Method of calculating the estimated discount, as presented in NACUBO Advisory 2000-05, is no longer endorsed by NACUBO.

State Appropriations

The State of Washington appropriates funds to the College on both an annual and biennial basis. These revenues are reported as non-operating revenues on the Statements of Revenues, Expenses, and Changes in Net Positions, and recognized as such when the related expenses are incurred.

Operating Revenues/Expenses

Operating revenues consist of tuition and fees, grants and contracts, sales and service of educational activities and auxiliary enterprise revenues. Operating expenses include salaries, wages, fringe benefits, utilities, supplies and materials, purchased services, and depreciation. All other revenue and expenses of the College are reported as non-operating revenues and expenses including State general appropriations, federal Pell Grant revenues and investment income and interest expense.

Net Position

The College's net position components are classified as follows:

Net Investment in Capital Assets: This represents the College's total investment in capital assets, less accumulated depreciation, and net of outstanding debt obligations related to capital assets.

Restricted Net Position - Nonexpendable: This consists of endowment and similar type funds in which the donor or other outside sources have stipulated, as a condition of the gift, that the principal is to be maintained by inviolate and in perpetuity and invested for the purpose of present and future income, which may be either expended, or added to principal.

Restricted Net Position - Expendable: This consists of resources that the College is obligated to spend in accordance with restrictions imposed by external third parties.

Unrestricted Net Position: This consists of net position, which is not subject to externally imposed restrictions, but which may be designated for specific purposes by management or the Board of Trustees.

The restricted resources will be depleted prior to use of unrestricted resources if applicable.

Tax Exemption

The College is a tax-exempt organization under the provisions of Section 115(a) of the Internal Revenue Code and is exempt from federal income taxes on related income. The Foundation is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code.

Note 2. Valuation of Cash and Investments

Cash and cash equivalents include bank demand deposits, petty cash held at the College and unit shares in the Local Government Investment Pool administered by the Washington State Treasurer. Except for petty cash held at the College, all others are covered by the Federal Deposit Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

In accordance with GASB, assets are valued at fair market value (FMV). They consist of time certificates of deposit in addition to investments in equities, bond funds, and fixed income bonds. Time certificates of deposit have repurchased agreements with the respective financial institutions; investments in equities are subject to loss of all 100% of the balance of investments. The statement provides a hierarchy of reporting between Levels 1 and 3 which are defined below.

Investments classified as level 1. Investments classified as level 1 are exchange traded equity securities whose values are based on published market prices and quotations from national security exchanges as of the New York Stock Exchange close, as of each reporting period end.

Investments classified as level 2. Investments classified as level 2 are primarily comprised of publicly traded debt securities and exchange traded stocks traded in inactive markets. Publicly traded debt securities are sourced from reputable pricing vendors using models that are market-based measurements representing their good faith opinion as to the exit value of a security, in an orderly transaction under current market conditions. Such models take into account quoted prices, nominal yield spreads, benchmark yield curves, prepayment speeds, and other market corroborated inputs.

Investments classified as level 3. Private equity, real assets, and other investments classified in level 3 are valued using either discounted cash flow or market comparable techniques. This category includes hedge funds, limited partnerships, and other alternative investments. The college does not have any investments in this level.

GASB requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates.

As noted earlier, in the Summary of Significant Accounting Policies section, the College, through its investment policy, manages its exposure to custodial credit risk, credit risk, concentration of credit risk and interest rate risk by investing only in eligible investments authorized by State statute found in RCW 39 and 43**.**

Operating Funds		June 30, 2025
Cash on hand	$	18,850
Bank demand and time deposits		2,845,980
Local government investment pool		26,283,703
Total cash and cash equivalents	**$**	**29,145,533**

Interest Rate Risk

The College manages its exposure to interest rate changes by limiting the duration of investments and structuring the maturities of investments to mature at various points in the year.

Concentration of Credit Risk

The concentration of credit risk for investment is the risk of loss attributable to the magnitude of an investment in a single issuer. Currently, the College's operating funds are invested in the Local Government Investment Pool which does not have a limit to percent of the portfolio. The Endowment fund investment policy allows for the investments in equities of domestic publicly listed corporations on national exchanges. Within each asset class, the asset allocation range between the minimum and maximum weight allows for tactical shifts among asset classes in response to the changing dynamics in the market.

	Fair Market Value Reporting Level								
Endowment Funds Investment as June 30, 2024		Quoted Market Prices in Active Markets (Level 1)		Other Observable Inputs (Level 2)		Unobservable Inputs (Level 3)		Total	Asset Allocation Policy Range
Cash and Cash Equivalents	$	11,278	$	-	$	-	$	11,278	5-35%
Mutual Funds-Equity		2,028,902		-		-		2,028,902	35-65%
Mutual Funds-Fixed Income		1,408,324		-		-		1,408,324	20-50%
Totals	**$**	3,448,504	$	-	$	-	$	3,448,504	

At June 30, 2025, the net appreciation on investments of donor-restricted endowments that are available for expenditure authorization is $1,246,173 which is reported as restricted, expendable on the Statement of Net Position. State law allows for the spending of net appreciation on investments of donor-restricted endowments. Accordingly, the income distribution policy is 5% of the three-year moving average value of the net assets.

Note 3. Funds Held with State Treasurer

Funds held with the State Treasurer represent the College's share of net earnings of the Normal School Permanent Fund as well as tuition distribution, reduced by expenditures for capital projects and debt service over the years in addition to monies held for the sale of college license plates. The Normal School Permanent Fund, established under RCW 43.79.160 is a permanent endowment fund, which derives its corpus from the sale of State lands and timber. The Washington State Investment Board manages the investing activities of the fund, and the State Department of Natural Resources manages the sale of State lands and timber. Interest earned from the investments is either reinvested or used exclusively for the benefits of Central Washington University, Eastern Washington University, The Evergreen State College and Western Washington

University. As of June 30, 2025, the balance of these funds totaled $3,424,738. For FY2025, Funds held with the State Treasurer balance also include proceeds of $4,440,173 from Dorm C and D Certificate of Participation (COP) issuance held by the State Treasurer in the Local Government Investment Pool (LGIP) under the college's name.

Note 4. Accounts and Student Loans Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. It also includes amounts due from the federal, state, and local governments or private sources in connection with reimbursements of allowable expenditures made according to grants and contracts.

Accounts receivable on June 30 consisted of the following:

		2025
Student tuition and fees	$	1,992,485
Federal, state, and private grants		4,510,296
Auxiliary enterprises		2,527,762
Other operating activities		1,360,232
Subtotal		**10,390,775**
Allowance for uncollectible		(554,352)
Net accounts receivable	**$**	**9,836,423**

Loans receivable on June 30 consisted primarily of student loan funds as follows:

		2025
Emergency and GSL loans		2,185
Subtotal		**2,185**
Allowance for uncollectible		(1,527)
Net student loans receivable	**$**	**658**

Note 5. Inventories

Inventories on June 30 consist of the following:

Inventories	2025
Enterprise	$ 57,638
Working capital	491,230
Total Inventory	**$ 548,868**

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2025 is summarized below.

	Balance June 30, 2024	Additions/ Transfers	Retirements Transfers	Balance June 30, 2025
Land	$ 8,866,129	$ -	$ -	$ 8,866,129
Construction in progress	12,479,786	16,413,333	8,126,825	20,766,294
Total non-depreciable assets	**21,345,915**	**$ 16,413,333**	**8,126,825**	**29,632,423**
Infrastructure	13,765,379	-	-	13,765,379
Buildings	273,554,355	8,586,570	-	282,140,925
Improvements other than buildings	1,725,506	-	-	1,725,506
Furniture, fixtures and equipment	19,919,161	2,626,288		22,545,449
Library resources	21,269,163	-	-	21,269,163
Right to use lease assets	673,495			673,495
Total depreciable assets	**330,907,059**	**11,212,858**	**-**	**342,119,917**
Infrastructure	11,995,801	249,751	-	12,245,552
Buildings	134,766,261	5,347,980	-	140,114,241
Improvements other than buildings	621,645	59,518	-	681,163
Furniture, fixtures and equipment	18,175,832	628,660	-	18,804,492
Library resources	20,152,610	197,588	-	20,350,198
Right to use lease assets	336,747	134,700	-	471,447
Total accumulated depreciation/Amortization	**186,048,896**	**6,618,196**	**-**	**192,667,092**
Capital Assets, Net of Depreciation/Amortization	**$ 166,204,078**	**$ 21,007,995**	**$8,126,825**	**$ 179,085,248**

Note 7. Compensated Absences

At termination of employment, employees may receive cash payments for all accumulated vacation and compensatory time. Employees who retire get 25% of the value of their accumulated sick leave credited to a Voluntary Employees' Beneficiary Association (VEBA) account, which can be used for future medical expenses or insurance. The amounts of unpaid vacation and compensatory time accumulated by the College employees are accrued when incurred. The sick leave liability is recorded as an actuarial estimate of one-fourth of the total balance on the payroll records. The accrued vacation, sick, and other leave balances for the year ended June 30 are as follows:

Compensated Absences	2025
Vacation Leave	2,952,305
Sick Leave	1,005,585
Other Leave	101,670
Total	**$ 4,059,560**

Note 8. Long Term Liabilities

Following are changes in long-term liabilities for the year ended June 30, 2025:

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Current Portion	Long-Term Portion
Compensated absences	$ 3,557,431	$ 502,129	$ -	$ 4,059,560	$ 101,670	$ 3,957,890
Certificate of Participation(Tacoma)	7,710,000	-	515,000	7,195,000	540,000	6,655,000
Certificate of Participation(CAB)	4,325,000	-	795,000	3,530,000	840,000	2,690,000
Certificate of Participation(Dorm C)	-	2,095,000		2,095,000	60,000	2,035,000
Certificate of Participation(Dorm D)	-	2,040,000		2,040,000	60,000	1,980,000
Unamortized Premium	-	422,221		422,221		422,221
Lease liability	340,240	-	135,188	205,052	136,397	68,655
Net pension liability	4,479,558	-	1,097,854	3,381,704	154,000	3,227,704
Total OPEB Liability	17,791,293	-	273,752	17,517,541	461,430	17,056,111
Housing Revenue Bonds payable	805,000	-	400,000	405,000	405,000	-
Total	**$ 39,008,522**	**$ 5,059,350**	**$ 3,216,794**	**$ 40,851,078**	**$ 2,758,497**	**$ 38,092,581**

Note 9. Bonds Payable

In September of 2015, the College issued Housing Revenue Bonds, in the amount of $4,130,000, in an advance refunding with the proceeds of the issue being used to refund (pay off) the outstanding Housing Series 2006 Bonds. The interest rate of the 2015 issue was 2.39% compared to the 2006 bond rates ranging from 3.75% to 4.25%. This refunding enabled the College to save $320 thousand over the life of the bonds. For the year ended June 30, 2024:

Debt Service Requirements			
The scheduled maturities of system revenue bonds are as follows:			
Fiscal Year	**Principal**	**Interest**	**Total**
2026	$ 405,000	$ 9,680	$ 414,680
Total	**$ 405,000**	**$ 9,680**	**$ 414,680**

Note 10. Notes Payable

In December of 2016, the College issued Notes Payable, in the amount of $9,565,000, in an advance refunding with the proceeds of the issue being used to refund (pay off) the outstanding leases 376-10-1, which was originally issued in 2009 to fund the renovation of the Campus Activities Building. The interest rate of the 2016 issue was 1.91% versus the previous rate of 5.16%. This refunding enabled the College to save $1.294 million over the life of the lease. The College's debt service requirements for this note agreement for the next five years are as follows:

Certificates of Participation (COP) CAB Building						
Fiscal Year		**Principal**		**Interest**		**Total**
2026	$	840,000	$	98,088	$	938,088
2027		880,000		56,088		936,088
2028		895,000		38,488		933,488
2029		915,000		20,588		935,588
Total	**$**	**3,530,000**	**$**	**213,252**	**$**	**3,743,252**

In March of 2016, the College obtained financing to cover the cost of purchasing property in downtown Tacoma for a permanent home for the Tacoma Program through a certificate of participation (COP), issued by the Washington Office of State Treasurer in the amount of $10,955,000. The funding source for the repayment is the general operating funds. The interest rate charged is approximately 3%. The term of the COP is 20 years with payments due June 1 and December 1 annually. The College's first payment was on December 1, 2016. The College's debt service requirements for this note agreement for the next five years and thereafter are as follows:

Certificates of Participation (COP) Tacoma Campus						
Fiscal Year		**Principal**		**Interest**		**Total**
2026	$	540,000	$	245,325	$	785,325
2027		570,000		218,325		788,325
2028		595,000		189,825		784,825
2029		615,000		171,975		786,975
2030		635,000		153,525		788,525
2031-2035		3,480,000		464,613		3,944,613
2036		760,000		24,700		784,700
Total	**$**	**7,195,000**	**$**	**1,468,288**	**$**	**8,663,288**

In February of 2025, the College obtained financing to cover the cost of the Residential Services Dorm D renovation project through a certificate of participation (COP), issued by the Washington Office of State Treasurer in the amount of $2,040,000. The funding source for the repayment is rent from students occupying the residence halls. The interest rate charged is approximately 4.11%. The term of the COP is 20 years, with payments due June 1 and December 1 annually. The College's first payment was on June 1, 2025. The College's debt service requirements for this note agreement for the next five years and thereafter are as follows:

Certificates of Participation (COP) D Dorm			
Fiscal Year	Principal	Interest	Total
2026	$ 60,000	$ 100,500	$ 160,500
2027	65,000	97,375	162,375
2028	70,000	94,000	164,000
2029	70,000	90,500	160,500
2030	75,000	86,875	161,875
2031-2035	430,000	373,250	803,250
2036-2040	555,000	251,125	806,125
2041-2045	715,000	92,625	807,625
Total	**$ 2,040,000**	**$ 1,186,250**	**$ 3,226,250**
Unamortized premium	244,809		
	$ 2,284,809		

In May of 2025, the College obtained financing to cover the cost of the Residential Services Dorm C renovation project through a certificate of participation (COP), issued by the Washington Office of State Treasurer in the amount of $2,095,000. The funding source for the repayment is rent from students occupying the residence halls. The interest rate charged is approximately 4.43%. The term of the COP is 20 years, with payments due June 1 and December 1 annually. The College's first payment was on December 1, 2025. The College's debt service requirements for this note agreement for the next five years and thereafter are as follows:

Certificates of Participation (COP) C Dorm			
Fiscal Year	Principal	Interest	Total
2026	$ 60,000	$ 110,860	$ 170,860
2027	65,000	101,750	166,750
2028	70,000	98,500	168,500
2029	75,000	95,000	170,000
2030	75,000	91,250	166,250
2031-2035	450,000	395,000	845,000
2036-2040	575,000	270,000	845,000
2041-2045	725,000	112,250	837,250
Total	**$ 2,095,000**	**$ 1,274,610**	**$ 3,369,610**
Unamortized premium	177,412		
	$ 2,272,412		

Note 11. Leases

In accordance with GASB Statement No. 87, the College records right-to-use assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The College's right-to-use lease asset and related accumulated amortization for fiscal year ended June 30, 2025 is summarized as follows:

	Balance as of July 1, 2024	Additions	Deductions	Balance as of June 30, 2025
Right of Use Lease Asset				
Building	$ 673,495	$ -	$ -	$ 673,495
Total Right of Use Lease Assets	**673,495**	**-**	**-**	**673,495**
Less Accumulated Amortization				
Building	336,747	134,700	-	471,447
Total Accumulated Amortization	**336,747**	**134,700**	**-**	**471,447**
Total Right of Use Lease Assets, Net	**$ 336,748**	**$ (134,700)**	**$ -**	**$ 202,048**

Total future annual lease payments under lessee agreements as of June 30, 2025 are as follows:

Year	Principal	Interest	Total
2026	136,397	1,269	**137,666**
2027	68,655	178	**68,833**
Total	**205,052**	**1,447**	**206,499**

Note 12. Commitments

Encumbrances for current funds carried forward totaled $4,872,286 on June 30, 2025.

Note 13. Operating Expenses by Function

Operating expenses by functional classification for the year end June 30, 2025 are as follows:

Operating Expense	FY25
Instruction	$ 29,603,494
Scholarship and aid	10,263,964
Auxiliary enterprises	11,899,837
Institutional support	13,614,561
Operations and maintenance	12,253,657
Depreciation	6,618,494
Academic support	8,495,272
Student services	8,560,419
Public service	4,864,550
Research	104,979
Total operating expenses	**$ 106,278,930**

Note 14. Contingencies and Risk Management

Amounts received and expended by the College under various federal and state programs are subject to audit by governmental agencies. In the opinion of management, audit adjustments, if any, will not have a significant effect on the financial position of the College.

The College participates in the State of Washington risk management self-insurance program. Premiums are based on actuarially determined projections and include allowances for payments of both outstanding and current liabilities. The College assumes its potential liability and property losses for all properties except for Housing, which were acquired with proceeds of bond issues where the bond agreement requires the College to carry insurance on Housing property.

In accordance with State policy, the College self-insures unemployment compensation for all employees. The College maintains an unemployment reserve, funded by charging a percentage of all labor and wage expenditures, except for work-study, in order to fund the reserve to pay unemployment claims. Unemployment compensation claims paid by the College during FY25 were $111,662. At the end of FY25, the reserve balance was $824,956.

Note 15. Other Post-Employment Benefits (OPEB)

PLAN DESCRIPTION:

The Washington State Health Care Authority (HCA) administers this single employer defined benefit other postemployment benefit (OPEB) plan. The HCA calculates the premium amounts each year that are sufficient to fund the State-wide health and life insurance programs on a pay-as-you-go basis. These costs are passed through to individual state agencies based upon active employee headcount; the agencies pay the premiums for active employees to the HCA. The agencies may also charge employees for certain higher cost options elected by the employees.

State of Washington retirees may elect coverage through state health and life insurance plans, for which they pay less than the full cost of the benefits, based on their age and other demographic factors.

The health care premiums for active employees, which are paid by the agency during employees' working careers, subsidize the "underpayments" of the retirees. An additional factor in the OPEB obligation is a payment that is required by the State Legislature to reduce the premiums for retirees covered by Medicare (an "explicit subsidy"). For fiscal year 2025, this amount is $183 per member to cover retirees eligible for parts A and B of Medicare, per month. This rate will remain the same for calendar year 2026. This is also passed through to State agencies via active employee's rates charged to the agency.

OPEB implicit and explicit subsidies as well as administrative costs are funded by required contributions made by participating employers. State agency contributions are made on behalf of all active, health care eligible employees, regardless of enrollment status. Based on the funding practice, the allocation method used to determine proportionate share is each agency's percentage of the state's total active, health care eligible employee headcount. As of June 2025, the total College's headcount percentage membership in the PEBB plan consisted of the following:

OPEB Plan Participants				
Year	Active Employees	Retirees Receiving Benefits	Retirees Not Receiving Benefits	Total Participants
2025	570	280	N/A	850

ACTUARIAL ASSUMPTIONS:

Accounting requirements dictate the use of assumptions to best estimate the impact the OPEB obligations will have on the College. The professional judgments used in determining these assumptions are important and can significantly impact the resulting actuarial estimates. Difference between actual results compared to these assumptions could have a significant effect on College's financial statements. The total OPEB liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement period:

- **Inflation:** 2.40%
- **Salary Increases:** 3.25% Plus service-based salary increases
- **Health Care Trend Rates:** Initial rate ranges from (4.5%)-9.5% reaching an ultimate rate of approximately 3.8% in 2080
- **Post-retirement Participation:** 60.00%
- **Spouse Coverage:** 45.00%

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 mortality rates, which vary by member status. The Office of the State Actuary (OSA) applied age offsets as appropriate to better tailor the mortality rates to the demographics of the plan. OSA applied the long-term MP-2017 generational improvement scale to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The discount rate used to measure the total OPEB liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index. A discount rate of 3.65% was used for the June 30, 2023 measurement date and 3.93% for the June 30, 2024 measurement date.

The following presents proportional share of the total College OPEB liability, calculated using the discount rate of 3.93% as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.93%) or 1 percentage point higher (4.93%) than the current rate.

Total OPEB Liability Discount Rate Sensitivity		
1% Decrease	$	20,609,271
Current Discount Rate – 3.93%	$	17,517,541
1% Increase	$	15,048,936

The following represents the total OPEB liability of the College calculated using the health care trend rates of (4.5)%-9.5% reaching an ultimate range of 3.8%, as well as what the total OPEB liability would be if it were calculated using health care trend rates that are 1 percentage point lower ((3.5)%-8.5%) or 1 percentage point higher ((5.5)%-10.5%) than the current rate:

Total OPEB Liability Health Care Cost Trend Rate Sensitivity		
1% Decrease	$	14,777,447
Current Discount Rate – 2-11%	$	17,517,541
1% Increase	$	21,051,030

TOTAL OPEB LIABILITY:

As of June 30, 2025, components of the proportionate share calculation of total OPEB liability for the College are represented in the following table:

Schedule of Changes in Total OPEB Liability		2025
Service cost	$	568,356
Interest		651,895
Changes of benefit terms		382,529
Differences between expected & actual experience		333,558
Changes in assumptions		(1,487,974)
Benefit payments		(441,243)
Change in proportionate share		(280,873)
Net Change in Total OPEB Liability		**(273,752)**
Total OPEB Liability - Beginning		**17,791,293**
Total OPEB Liability - Ending	**$**	**17,517,541**

The College's proportionate share of OPEB expense for the fiscal year ended June 30, 2025 was $ (1,766,301).

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES:

The tables below summarize the college's deferred outflows and inflows of resources related to OPEB, together with the related future year impacts on expense from amortization of those deferred amounts. Note that deferred outflows of resources related to transactions subsequent to the measurement date are recognized as a reduction of the OPEB liability in the following year and are not amortized to OPEB expense.

Deferred Outflows of Resources		2025
Change in proportion	$	6,432
Change in assumptions		881,809
Difference between expected and actual experience		473,755
Transactions subsequent to the measurement date		461,430
Total	**$**	**1,823,426**

Deferred Inflows of Resources		2025
Difference between expected and actual experience	$	441,615
Changes of assumptions		9,679,819
Changes in Proportion		5,492,696
Total	**$**	**15,614,130**

Amortization of Deferred Outflows and Deferred Inflows of Resources		
2026	$	(3,369,084)
2027		(2,974,121)
2028		(2,147,220)
2029		(1,962,915)
2030		(1,682,465)
Thereafter		(2,116,329)
Total	**$**	**(14,252,134)**

Note 16. Deferred Compensation

The College, through the State of Washington, offers its employees a deferred compensation plan created under Internal Revenue Code § 457. The plan, available to all State employees, permits individuals to defer a portion of their salary until future years.

The State administers the plan on behalf of the College's employees. The College does not contribute to the plan nor have legal access to the funds.

Note 17. Retirement Plans

The College offers four contributory pension plans: 1) the Washington State Public Employees' Retirement System (PERS) plans, 2) the Washington State Teachers Retirement System (TRS) plans, 3) the Law Enforcement Officers' and Firefighters' Retirement System (LEOFF) plan and 4) The Evergreen State College Retirement plan (TESCRP)

PERS, TRS and LEOFF are cost sharing multiple employer-defined benefit pension plans administered by the State of Washington Department of Retirement Systems (DRS). TESCRP is a single employer defined contribution plan with a supplemental defined benefit plan component currently administered by the College.

Legislation signed into law on July 1, 2020, amended the RCW applicable to the TESCRP to define plan provisions including limits on member eligibility, benefit payments, vesting terms and contribution rates. As a result of these amendments, the College is unable to modify the terms of the plan. Administration of the benefit calculations and payments remain the responsibility of the College until the state's Pension Funding Council determines the trust has sufficient assets, at which time the DRS will assume those duties in accordance with RCW 41.50.280. The College does not perform the duties of a board or hold any of the substantive powers that would make the plan a fiduciary component of the College. Other agencies of the state of Washington perform the duties of a board and hold the substantive powers in relation to the TESCRP.

The College's aggregate pension amounts for the year ended June 30, 2025 summarized as follows:

Aggregate Pension Amounts				
		DRS		**TESCRP**
Net Pension Liabilities	$	(1,821,704)	$	(1,560,000)
Pension Assets		4,577,492		
Deferred Outflows of Resources		7,844,520		1,048,000
Deferred Inflows of Resources		(2,312,086)		(3,250,000)
Pension Expense		(294,848)		(699,000)

A. PLANS ADMINISTERED BY THE EVERGREEN STATE COLLEGE

The Evergreen State College Retirement Plan

PLAN DESCRIPTION:

The plan is a defined contribution single employer pension plan administered by the College and covers most faculty and exempt staff. Contributions to the plan are invested in annuity contracts or mutual fund accounts offered by the Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF). Benefits from fund sponsors are available upon separation or retirement at the member's option. Employees have, at all times, a 100% vested interest in their accumulations.

Employee contribution rates, which are based on age, range from 5% to 10%. The College matches the employee contributions. Employer and employee contributions for the year ended June 30, 2025, were $3,962,511. All required employee and employer contributions have been made.

The benefit goal is 2% of the average annual salary for each year of full-time service up to a maximum of 25 years. However, if the participant does not elect to make the 10% contribution after age 50, the benefit goal is 1.5% for each year of full-time service for the years in which the lower contribution was selected. No significant changes were made in the faculty benefit provisions for the year ended June 30, 2025.

The plan has a supplemental payment plan component which guarantees a minimum retirement benefit based upon a one-time calculation at each employee's retirement date. The College makes direct payments to qualifying retirees when the retirement benefits provided by the fund sponsors do not meet the benefit goals. The supplemental component of TESCRP is financed on a pay as you go basis. Effective for new employees hired on or after July 1, 2011, State law no longer offers this supplemental component benefit of TESCRP.

EMPLOYER CONTRIBUTION RATES:

With the passing of 2SHB 1661, the legislation, effective July 1, 2020, created trust accounts for the contributions and investment returns collected to pre-fund SRP benefits. Under this new funding structure, the SRP report under GASB No. 67/68 started in Fiscal Year 2021. 2SHB 1661 outlines a funding policy for the SRP. Beginning July 1, 2020, the 0.5% required employer contribution rate was replaced with institution-specific contribution rates which was 0.23% for the College. These rates are developed by the OSA in accordance with RCW 41.45, which provides authority to the Pension Funding Council to adopt changes to economic assumptions and contribution rates. Money in the trust must be accounted for separately and attributed to each paying institution and may only be used to make benefit payments to the paying institution's plan beneficiaries. Beginning July 31, 2020, the Pension Funding Council may review and revise the institution-specific contribution rates. Rates must be designed to keep the total cost at a more level percentage than a pay-as-you-go method. Accumulated funds will allow a portion of the cost of SRP benefits to be paid from those funds beginning in approximately 2035. When the trust has collected sufficient assets to begin making SRP benefit payments, administration of the SRP will transfer to the Department of Retirement Systems (DRS).

The SRP benefit funds are currently restricted from paying SRP benefits and are not expected to pay benefits until 2035. Until this time, SRP benefits are paid out of the College's operating budget on a pay-as-you-go basis.

PLAN MEMBERSHIP:

Membership of The Evergreen State College Retirement Plan consisted of the following at June 30, 2025, the date of the latest actuarial valuation for the plan:

Year	Inactive Members (or Beneficiaries) Currently Receiving Benefits	Inactive Members Entitled To But Not Yet Receiving Benefits	Active Members	Total Members
2025 (Measurement date 2024)	33	15	113	161

The Office of the State Actuary relied on a valuation date of January 1, 2024, to project the Total Pension Liability to the measurement date of June 30, 2024, reflecting the expected service cost, assumed interest, and benefit payments made.

FIDUCIARY NET POSITION:

With the passing of 2SHB 1661, the legislation, effective July 1, 2020, created trust accounts for the contributions and investment returns collected to pre-fund SRP benefits. The plan Fiduciary Net Position is the fair value of plan assets held in a trust as defined by GASB. The Net Pension Liability is the difference between the Total Pension Liability and the plan Fiduciary Net Position. The plan Fiduciary Net Position represents the amount of assets collected as of the measurement date to pay for SRP benefits, per RCW 41.50.280. Plan assets and investments are measured at their fair value. The WSIB has been authorized by statute as having investment management responsibility for the pension funds.

PLAN INVESTMENTS:

The WSIB manages retirement fund assets to maximize return at a prudent level of risk. TESCRP plan assets are invested in the Commingled Trust Fund (CTF). Established on July 1, 1992, the CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate, and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of written WSIB-adopted investment policies for the various asset classes in which WSIB invests. Information about the investment of pension funds by the WSIB, their valuation, classifications, concentrations, and maturities can be found in the State of Washington's Annual Comprehensive Financial Report.

The money-weighted rates of return are provided by the WSIB and the Office of the State Treasurer. The annual money-weighted rate of return on TESCRP investments, net of pension plan investment expense for the year ended June 30, 2024 was 8.04%. This money-weighted rate of return expresses investment performance, net of pension plan investment expense, and reflects both the size and timing of external cashflows.

ACTUARIAL ASSUMPTIONS:

Accounting requirements dictate the use of assumptions to best estimate the impact the pension obligations will have on the College. The professional judgments used in determining these assumptions are important and can significantly impact the resulting actuarial estimates. Difference between actual results compared to these assumptions could have a significant effect on the College's financial statements.

The total pension liability was determined by an actuarial valuation as of January 1, 2024, with the results projected forward to the June 30, 2024, measurement date using the following actuarial assumptions:

- Discount Rate: 7.00%
- TIAA Increase Rate: 4.00%
- CREF Increase Rate: 6.25%
- Salary Growth: 3.50%

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 mortality rates as the base table. OSA applied age offsets, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout the member's lifetime.

The total salary growth assumption is based on the August 2021 Higher Education SRP Experience study. The TIAA and CREF increase rates represent the assumed investment return on primary investments that play a key role in the SRP benefit calculation.

OSA updated assumptions consistent with the 2021 Demographic Experience Study and modified the TIAA CREF investment assumptions based on TIAA input and OSA's expectation for the future. This includes future growth in the investments and how the projected account balances are converted to annuities. The assumption updates generally led to increases in total pension liability.

The long term expected rate of return on pension plan investments was determined by the WSIP using abuilding block method in which a best estimated of expected future rates of return are developed for each major asset class. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of the measurement date June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Fixed Income	19.00%	2.10%
Tangible Assets	8.00%	4.50%
Real Estate	18.00%	4.80%
Global Equity	30.00%	5.60%
Private Equity	25.00%	8.60%

SENSITIVITY OF THE NET PENSION LIABILITY/(ASSET) TO CHANGES IN THE DISCOUNT RATE:

The following presents the net pension liability for the TESCRP for the College as an employer, calculated using the discount rate of 7.0%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1.0% point lower (6.0%) or 1.0% point higher (8.0%) than the current rate.

Net Pension Liability Interest Rate Sensitivity	
1% Decrease - 6.00%	$ 1,876,000
Current Discount Rate - 7.00%	$ 1,560,000
1% Increase - 8.00%	$ 1,286,000

NET PENSION LIABILITY (NPL):

Effective July 1, 2020, legislation signed into law created a trust arrangement for assets dedicated to paying TESCRP benefits to plan members. Contributions previously paid to and accumulated by DRS beginning January 1, 2012 were transferred into the trust when this legislation became effective. As a result, the College is now applying accounting guidance for single employer plans that have trusted assets and report the pension liability net of plan assets.

GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" allows the employer to use a measurement date for the Total Pension Liability (TPL) and the Net Pension Liability (NPL) no earlier than the end of the employer's prior fiscal year. In prior years, the measurement date used by the College for valuation of the TPL and the NPL were the same as the College's financial reporting date. In fiscal year 2024, however, the college elected to transition to using a measurement date which lags the financial reporting date by one year to align with the other pension plans reported under GASB Statement No.

68. As a result of this transition, the June 30, 2024 NPL is based on a measurement date of June 30, 2023, and , the June 30, 2025 NPL is based on a measurement date of June 30, 2024. There was no material impact associated with this change. Additionally, the contributions made after the June 30, 2024 measurement date and before the end of June 30, 2025 fiscal year are recorded as Deferred Outflows of Resources instead of reflected as a reduction of the NPL in the 2025 fiscal year.

The components of the TESCSRP liability were as follows:

Schedule of Changes in Net Pension Liability Fiscal Year Ending June 30, 2025	TPL (a)	Plan Fiduciary Net Position (b)	NPL (a) minus (b)
Beginning Balance	**$ 3,749,000**	**$ 1,569,000**	**$ 2,180,000**
Service Cost	58,000	-	58,000
Interest	261,000	-	261,000
Difference between expected and actual expense (1)	(609,000)	-	(609,000)
Changes of assumptions		-	-
Employer Contributions	-	48,000	(48,000)
Investment Income	-	128,000	(128,000)
Benefit Payments	(154,000)	-	$ (154,000)
Net Change	**$ (444,000)**	**$ 176,000**	**(620,000)**
Ending Balance	**$ 3,305,000**	**$ 1,745,000**	**$ 1,560,000**

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES:

The tables below summarize the College's pension expense, deferred outflows of resources, and deferred inflows of resources related to the TESCRP, together with the related future year impacts to pension expense from amortization of those deferred amounts:

Pension Expense for Fiscal Year Ending June 30, 2025	
Service Cost	$ 58,000
Interest Cost	261,000
Amortization of Differences between Expected and Actual Experience	(726,000)
Amortization of Changes of Assumptions	(143,000)
Expected Earnings on Plan Investments	(111,000)
Amortization of Differences between Projected and Actual Earnings on Plan Investments	(38,000)
Pension Expense	**$ (699,000)**

Deferred Inflows of Resources	2025
Difference between expected and actual experience	$ 2,217,000
Changes of assumptions	1,005,000
Differences between Projected and Actual Earnings on Plan Investments	28,000
Total	**$ 3,250,000**

Deferred Outflows of Resources	2025
Difference between expected and actual experience	$ 528,000
Changes of assumptions	366,000
Transactions subsequent to the measurement date	154,000
Total	**$ 1,048,000**

Amortization of Deferred Outflows and Deferred Inflows of Resources	
2025	$ (936,000)
2026	(945,000)
2027	(273,000)
2028	(201,000)
Total	**$ (2,355,000)**

B. STATE PARTICIPATION IN PLANS ADMINISTERED BY DRS

PLAN DESCRIPTION:

Public Employees' Retirement System

PERS retirement benefit provisions are contained in chapters 41.34 and 41.40 of the Revised Code of Washington (RCW). PERS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered a single defined benefit plan for reporting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. PERS members include higher education employees not participating in other higher education retirement programs.

Teachers' Retirement System

TRS retirement benefit provisions are contained in chapters 41.32 and 41.34 of the Revised Code of Washington (RCW). TRS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members. TRS eligibility for membership requires service as a certificated public-school employee working in an instructional, administrative or supervisory capacity.

Law Enforcement Officers' and Fire Fighters' Retirement System

LEOFF retirement benefit provisions are contained in chapter 41.26 of the Revised Code of Washington (RCW). LEOFF is a cost-sharing, multiple-employer retirement system comprised of two separate pension plans for membership and accounting purposes. TESC participates in LEOFF Plan 2, which is a defined-benefit plan. LEOFF membership includes full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians.

VESTING AND BENEFITS PROVIDED:

PERS Plan 1 and TRS Plan 1

PERS Plan 1 and TRS Plan 1 provides retirement, disability, and death benefits to eligible members. This plan is closed to new entrants. All members are vested after the completion of five years of eligible service. The monthly benefit is 2.0% of the average final compensation (AFC) for each year of service credit, up to a maximum of 60.0%. The AFC is the total earnable compensation for the two consecutive highest-paid fiscal years, divided by two.

Members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. Members may elect to receive an optional cost of living allowance (COLA) amount based on the Consumer Price Index, capped at 3% annually. To offset the cost of this annual adjustment, the benefit is reduced. Other benefits include duty and nonduty disability payments and a one-time duty-related death benefit, if the member is found eligible by the Washington State Department of Labor and Industries.

PERS Plan 2/3 and TRS Plan 2/3

PERS 2/3 and TRS Plan 2/3 provides retirement, disability and death benefits. PERS Plan 2 and TRS Plan 2 members are vested after completing five years of eligible service. PERS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service, if 12 months of that service are earned after age 44. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Defined Retirement benefits are determined as 2.0% of the member's AFC times the member's years of service for Plan 2 and 1.0% of the AFC times the member's years of service for Plan 3. The AFC is the average of the member's 60 highest paid consecutive months. There is no cap on years of service credit.

Members are eligible for normal retirement at the age of 65 with five years of service. Members have the option to retire early with reduced benefits. Members may elect to receive an optional cost of living allowance(COLA) amount based on the Consumer Price Index, capped at 3% annually. Other benefits include duty and nonduty disability payments and a one-time duty-related death benefit, if the member is found eligible by the Washington State Department of Labor and Industries.

LEOFF Plan 2

LEOFF Plan 2 provides retirement, disability, and death benefits to eligible members. Members are vested after the completion of five years of eligible service. Plan 2 members receive a benefit of 2% of the FAS per year of service. FAS is based on the highest consecutive 60 months.

Members are eligible for retirement at the age of 53 with five years of service, or at age 50 with 20 years of service. Members who retire prior to the age of 53 receive reduced benefits. A cost of living allowance (COLA) is granted based on the Consumer Price Index, capped at 3.0% annually. Other benefits include duty and nonduty disability payments and a one-time duty-related death benefit, if the member is found eligible by the Washington State Department of Labor and Industries.

FIDUCIARY NET POSITION:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all plans and additions to/deductions from all plans fiduciary net position have been determined in all material respects on the same basis as they are reported by the plans. These pension plans administered by the state are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, employee and employer contributions are recognized in the period in which employee services are performed; investment gains and losses are recognized as incurred; and benefits and refunds are recognized when due and payable in accordance with the terms of the applicable plan.

The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

Retirement funds are invested in the Commingled Trust Fund (CTF). Established on July 1, 1992, the CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate, and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of written WSIB- adopted investment policies for the various asset classes in which the WSIB invests. Although some assets of the plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan in accordance with the terms of the plan. Administration of the PERS 1 and 2/3 system and plan was funded by an employer rate of 0.18% of employee salaries.

The DRS prepares a stand-alone financial report that is compliant with the requirements of Statement 67 of the Governmental Accounting Standards Board. Copies of the report may be obtained by contacting the Washington State Department of Retirement Systems, PO Box 48380, Olympia, Washington 98504-8380 or online at https://www.drs.wa.gov/.

ACTUARIAL ASSUMPTIONS:

Accounting requirements dictate the use of assumptions to best estimate the impact the pension obligations will have on the College. The professional judgments used in determining these assumptions are important and can significantly impact the resulting actuarial estimates. Difference between actual results compared to these assumptions could have a significant effect on the College's financial statements.

The total pension liability (TPL) for each of the plans was determined using the most recent actuarial valuation completed by the Washington State Office of the State Actuary (OSA). The College's 2025 pension liability is based on the OSA valuation performed as of June 30, 2023, with the results rolled forward to the measurement date of June 30, 2024. Besides the discount rate, the actuarial assumptions used in the valuation are summarized in the Actuarial Section of DRS' Annual Comprehensive Financial Report located on the DRS employer-resource GASB webpage. These assumptions reflect the results of OSA's 2013-2018 Demographic Experience Study Report and the 2021 Economic Experience Study. The following actuarial assumptions have been applied to all prior periods included in the measurement:

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary Increases:** In addition to the base 3.25% salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.00%

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 mortality rates as the base table. OSA applied age offsets, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout the member's lifetime.

OSA selected a 7.00% long-term expected rate of return on pension plan investments using a building block method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns the WSIB provided. The CMAs contain three pieces of information for each class of assets WSIB currently invests in:

- Expected annual return.
- Standard deviation of the annual return.
- Correlations between the annual returns of each asset class with every other asset class.

The WSIB uses the CMAs and their target asset allocation to simulate future investment returns at various future times. The best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of the measurement date, are summarized in the following table:

2025 – Measurement date 2024

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Fixed Income	19.00%	2.10%
Tangible Assets	8.00%	4.50%
Real Estate	18.00%	4.80%
Global Equity	30.00%	5.60%
Private Equity	25.00%	8.60%

The inflation component used to create the above table is 2.20% and represents WSIB's most recent long- term estimate of broad economic inflation.

DISCOUNT RATE:

The discount rate used to measure the total pension liability was 7.00%. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.00% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements.

Consistent with the long-term expected rate of return, a 7.00% future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including PERS Plan 2/3 employers whose rates include a component for the PERS Plan 1 liability). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.00% on pension plan investments was applied to determine the total pension liability for each plan.

SENSITIVITY OF THE NET PENSION LIABIILTY (ASSET) TO CHANGES IN THE DISCOUNT RATE:

The following presents the net pension liability/asset of TESC as an employer, calculated using the discount rate of 7.00%, as well as what the net pension liability/asset would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate.

Plan	2025 1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
PERS 1	$ 2,567,814	$ 1,745,655	$ 1,024,601
PERS 2/3	7,430,160	(4,121,703)	(13,609,012)
TRS 1	95,936	61,965	32,097
TRS 2/3	329,107	14,083	(241,895)
LEOFF 2	301,966	(455,789)	(1,075,609)

EMPLOYER CONTRIBUTION RATES:

Employer contribution rates are developed in accordance with Chapter 41.45 of the RCW by the OSA. The statute provides authority to the Pension Funding Council to adopt changes to economic assumptions and contribution rates.

REQUIRED CONTRIBUTION RATES

The required contribution rates (expressed as a percentage of current year covered payroll) at June 30, 2024 are as follows:

Required Contribution Rates	College	Employee
PERS		
Plan 1	9.53%	6.00%
Plan 2	9.53%	6.36%
Plan 3	9.53%*	5.00-15.00%**
TRS		
Plan 1	9.70%	6.00%
Plan 2	9.70%	8.06%
Plan 3	9.70%*	5.00-15.00%**
LEOFF		
Plan 2	8.73%	8.53%

PERS 2/3 employer rates include a component to address the PERS Plan 1 unfunded actuarial accrued liability (UAAL)

TRS 2/3 employer rates include a component to address the TRS Plan 1 unfunded actuarial accrued liability (UAAL)

*Plan 3 defined benefit portion only.

**Variable from 5% to 15% based on rate selected by the member

College contribution rate includes an administrative expense rate of 0.0018.

REQUIRED CONTRIBUTIONS:

The required contributions for the year ending June 30, 2025 as follows:

Plan	Employee	College
PERS 1	$ 6,956	$ 554,219
PERS 2/3	1,409,153	1,363,305
TRS 1	-	9,345
TRS 2/3	50,189	47,370
LEOFF 2	58,400	58,400

COLLEGE PROPORTIONATE SHARE AND AGGREGATED BALANCES:

Collective pension amounts are determined as of a measurement date, which can be no earlier than an employer's prior fiscal year. The measurement date for the net pension liabilities recorded by TESC as of June 30, 2025 was June 30, 2024 (one year in arrears.) Employer contributions received and processed by the DRS during the measurement date fiscal year have been used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in their fiscal year ended June 30 Schedules of Employer and Non-employer Allocations. TESC's proportionate share of the aggregated balance of net pension liabilities and net pension assets as of June 30, 2025 is presented in the table below.

Proportionate Share Allocation Percentage	
PERS 1	0.0982%
PERS 2/3	0.1250%
TRS 1	0.0056%
TRS 2/3	0.0070%
LEOFF 2	0.0243%

Aggregate Pension Balances		
	Net Pension Liability	Net Pension Asset
PERS 1	$ 1,745,655	$ -
PERS 2/3	-	4,121,703
TRS 1	61,965	-
TRS 2/3	14,083	-
LEOFF 2	-	455,789
Total	**$ 1,821,704**	**$ 4,577,492**

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES:

The tables below summarize TESC's expense, deferred outflows of resources and deferred inflows of resources related to the DRS pension plans, together with the related future year impacts to pension expense from amortization of those deferred amounts. Note that deferred outflows of resources related to college contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the following year and are not amortized to pension expense.

Proportionate Share of Pension Expense	
PERS 1	$ 29,796
PERS 2/3	(325,303)
TRS 1	(43,893)
TRS 2/3	36,126
LEOFF 2	8,426
Total	**$ (294,848)**

Amounts reported as deferred outflows of resources, exclusive of contributions subsequent to the measurement date, and deferred inflows of resources will be recognized in pension expense in future periods as follows:

Deferred Outflows of Resources	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Difference between expected & actual experience	$ -	$ 2,342,041	$ -	$ 96,306	$ 335,452	**$ 2,773,799**
Changes of assumptions	-	2,276,014	-	71,887	187,631	**2,535,531**
Change in proportion	-	152,635	-	42,411	307,505	**502,551**
Contributions subsequent to the measurement date	554,219	1,363,305	9,345	47,370	58,400	**2,032,639**
Total	**$ 554,219**	**$ 6,133,995**	**$ 9,345**	**$ 257,974**	**$ 888,988**	**$ 7,844,520**

Deferred Inflows of Resources	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Difference between expected & actual experience	$ -	$ 9,543	$ -	$ 1,042	$ 3,469	**$ 14,054**
Changes of assumptions	-	261,151	-	5,117	38,312	**304,580**
Net Difference between projected and actual earnings on pension plan investments	139,683	1,181,163	5,836	26,221	74,989	**1,427,892**
Change in proportion	-	339,288	-	9,870	216,402	**565,560**
Total	**$ 139,683**	**$ 1,791,145**	**$ 5,836**	**$ 42,250**	**$ 333,172**	**$ 2,312,086**

Amortization of Deferred Outflows and Deferred Inflows of Resources						
	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
2025	$ (231,164)	$ (1,018,486)	$ (9,736)	$ (8,886)	$ (43,271)	$ **(1,311,543)**
2026	118,761	1,761,150	5,095	49,728	132,503	**2,067,237**
2027	(12,575)	770,465	(507)	25,367	66,194	**848,944**
2028	(14,705)	789,420	(688)	21,986	71,517	**864,530**
2029	-	379,200	-	23,208	84,033	**486,441**
Thereafter	-	300,796	-	56,952	186,441	**544,189**
Total	**$ (139,683)**	**$ 2,979,545**	**$ (5,836)**	**$ 168,355**	**$ 497,417**	**$ 3,499,798**

*Negative amounts shown in the table above represent a reduction of expense

Note 18. Pledged Revenues

According to GASB, the College has pledged specific revenues, net of operating expenses, to repay principal and interest of revenue bonds. The following is a schedule of the pledged revenue and related debt:

Source of Revenue Pledged	Current Year Revenues Pledged (net)	Current Year Debt Service	Total Future Revenues Pledged	Description of Debt	Purpose of Debt	Term of Commitment
Student Housing Rentals	$ 1,802,603	$ 419,240	$ 414,680	2015 Housing Bond	Refunding of 2006 Bond Issue	2026

Note 19. Segment Information

The College operates residence halls “Residential Services” located on the College campus. Revenue bonds or other revenue-backed debts are issued from time to time to build or remodel facilities. Residential Services pledges net revenues to cover the costs of debt service for the bonds and other debts; therefore, for accounting purposes, Residential Services is a segment of the College. Presented below are condensed financial statements for Residential Services as audited by The State Auditor’s Office (SAO) as of and for the year ended June 30, 2025:

Condensed Statement of Net Positions		
Assets		
Current Assets	$	7,852,827
Non-current Assets		11,163,353
Total Assets		**19,016,180**
Deferred Outflows		179,201
Liabilities		
Current liabilities		1,092,568
Non-current liabilities		4,866,165
Total Liabilities		**5,958,733**
Deferred Inflows		373,473
Net Position		
Net Investment in Capital Assets		6,123,017
Pensions		80,400
Unrestricted		6,659,757
Net position	$	**12,863,174**

Condensed Statement of Revenues, Expenses, and Changes in Net Position		
Operating revenues	$	5,254,414
Operating expenses		3,593,930
Net operating income		**1,660,484**
Non-operating revenues (expenses)		(126,291)
Changes in net position		**1,534,192**
Net Position		
Net position, beginning		11,328,982
Net position, end of year	**$**	**12,863,174**

Condensed Statement of Cash Flow		
Net cash flows provided by operating activities	$	1,299,480
Net cash flows used by capital financing activities		(1,716,979)
Net cash flows provided by investing activities		81,666
Net decrease in cash		**(335,833)**
Cash, beginning of year		3,354,473
Cash, end of year	**$**	**3,018,640**

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Evergreen State College Foundation (Foundation) is a not-for-profit corporation organized under the laws of the State of Washington for the charitable and educational benefit of The Evergreen State College (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 revenue in the period received. Unconditional promises to give due within one year are reported at their net realizable value. Authoritarian 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 account 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 market 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, 2025, cash totaled $2,909,842of which $1,436,878 were restricted for donor purposes.

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).

Investment portfolio with Morgan Stanley:

	2025
Cash	$ 1,203,150
Mutual Funds	609,313
Certificates of Deposit	2,830,998
Total	$ 4,643,461

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 Consolidated Endowment Fund at fair market value as of June 30 as follows:

	2025
Total Units at U of W	45,473,957
Value per Unit	$ 131.130
Total value at U of W	$ 5,963,000,000
TESC Foundation Portion	
Total Units	176,923
Value per Unit	$ 131.130
Total TESC Foundation Portion	$ 23,199,961

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 estimate 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, 2025, an additional $380,881 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 market value.

Federal Income Taxes

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, 2025. The fiscal years ended June 30, 2025, 2024, 2023 and 2022 remain open for examination by taxing authorities.

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 11 for additional in-kind support information. See Note 12 for additional in-kind support information.

The Foundation provided grants to the College totaling $2,195,764 for the year ended June 30, 2025. During the year ended June 30, 2025, the Foundation also provided $1,273,940 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 $ 71,146 as of June 30, 2025.

Fund-Raising

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

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. They 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 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 as net assets released from restriction. Other donor-imposed restrictions are maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all, or a 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 as net assets released from restriction.
Reclassification

Reclassification

Certain amounts presented in the preceding year have been reclassified to conform with the financial statement presentation in the current year. The reclassifications have no effect on the change in net assets or net assets previously reported.

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 asset available to meet cash needs for general expenditure within one year at June 30:

	2025
Financial assets	
Cash and cash equivalents	$ 1,706,693
Investment cash	1,203,150
Contributions receivable net	1,582,689
Investments	27,021,153
Financial assets, at year end	31,513,685
Less those unavailable for general expenditure within one year:	
Board-designated net assets	1,719,691
Net assets with donor restrictions	28,203,807
	29,923,498
Financial assets available to meet cash needs for general expenditures within one year	$ 1,590,187

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:

	2025
Receivable in less than one year	$ 409,500
Receivable in one to five years	1,173,189
Total Unconditional Promises to Give	$ 1,582,689

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 3.79% and 5.03% and the total discount for the long-term promises to give as of June 30, 2025 was $79,490.

NOTE 4 – INVESTMENTS

Long and short-term investments, net of management fees, are as follows at June 30:

	2025
Cash	$ 1,350
Money market	1,201,800
Certificates of deposit	2,830,998
Mutual funds	609,313
Investment in the University of Washington	
Consolidated endowment fund	23,580,842
Total Investments	$ 28,224,303

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

	2025
Maturing in less than one year	$ 1,215,190
Maturing in more than one year	1,615,808
	$ 2,830,998

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

	2025
Interest and dividend income	$ 921,138
Net realized/ unrealized gains on investments	1,498,085
Total Investment Loss/income	$ 2,419,223

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:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effects of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. 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 gifts fund that the board designated to the endowment, and b) the original value of subsequent gift funds designated, if any, to the endowment fund.

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:

2025	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$21,963,063	$ 21,963,063
Board-designated endowment funds	1,719,692	560,109	2,279,800
Total Funds	$ 1,719,692	$22,523,172	$ 24,242,863

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

2025	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 1,553,217	$20,755,948	$ 22,309,165
Investment return	214,879	1,954,848	2,169,727
Contributions, net of transfers	95,000	679,215	774,215
Net assets released	(143,405)	(866,839)	(1,010,244)
Endowment net assets, end of year	$ 1,719,691	$22,523,172	$ 24,242,863

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, 2025, no deficiencies of this nature exist.

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 sub-categories, 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. (Note: Percentages may not sum due to rounding).

CEF Asset Allocation as of June 30:

Investment Strategy	Long-term Target 2025
Emerging Markets Equity	9%
Developed Markets Equity	43%
Private Equity	18%
Real Assets	4%
Opportunistic	1%
Absolute Return	17%
Fixed Income	8%

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 allocation:

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 FASB ASC 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.

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

	2025			
	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Cash	$ 1,203,150		$ -	$ 1,203,150
Certificates of deposit		2,830,998		2,830,998
Mutual funds	609,313			609,313
Consolidated Endowment Fund (CEF)		23,580,842		23,580,842
Total assets at fair value	$ 1,812,463	$26,411,840	$ -	$ 28,224,303

NOTE 7 – LEASES

Operating 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.

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

Subsequent to the year-end, in November 2026, the Foundation entered into a new operating lease agreement for a vehicle. The estimated operating ROU asset and liability value at the date of commencement is $20,012.

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

	2025
Operating lease cost	$ 15,487

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

	2025
Cash paid for amounts included in the measurement of lease liabilities	
Operating Cash Flows from Operating Leases	$ 14,459

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

	2025
Weighted-average remaining lease term	
Operating leases	0.76 years
Weighted average discount rate:	
Operating leases	7.88%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of June 30, 2025:

	Operating
2026	$ 9,632
Less amounts representing interest	(300)
Present value of lease liabilities	9,332
Current portion of operating lease liability	(9,332)
Long-term portion of operating lease liability	$ -

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 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 $3,664,707 was released from donor restrictions for the years ended June 30, 2025 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:

	2025
Academic Support and Research	$ 4,667,763
Other College Support	1,473,496
Public Service Centers	2,077,094
Student Aid	19,985,454
Total Net Assets with Donor Restriction	$ 28,203,807

NOTE 11 – CONCENTRATIONS

Major Donors

For the year ended June 30, 2025, the Foundation received contributions from one donor that comprised approximately 24% 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, which are included in gifts and contributions.

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

	2025
From individual and corporate donors:	
Artwork	$ 2,750
Materials	13,200
Auction items	15,083
Total in-kind support from individuals and corporate donors	31,033
From the College	
Management services	1,502,430
Rent	38,487
Supplies and equipment usage	139,709
Total in-kind support from the College	1,680,626
Total in-kind support	$ 1,711,659

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 $115,962 in administrative fees for the year ended June 30, 2025.

The Foundation charges a 1.0% endowment assessment fee to all endowment funds annually and transfer this amount to unrestricted net assets to help fund the campaign budget and continue to fund foundation and advancement activities after the campaign ends. The Foundation charged $ 168,405 in endowment fees for the year ended June 30, 2025.

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:

1. Donor intent as defined in gift agreement
2. Foundation spending policy
3. For unrestricted scholarships, determined by the board

4. Number of awards from larger scholarship funds is determined by judgment of college staff if 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, 2025, the Foundation was holding funds earmarked for academic year 2025-2026 scholarships in the amount of $1,404,858. Of this amount, $610,975 was available for endowment based scholarships, and $793,883 was available for one-time scholarships on June 30, 2025.

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 being 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.

NOTE 15 – SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through March 3, 2026, the date on which the financial statements were available to be issued.

the evergreen state college foundation

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 I 2700 Evergreen Parkway NW, Olympia, WA 98505 I evergreen.edu/foundation (360) 867-6300

Required Supplementary Information

Pension Plan Information

Cost Sharing Employer Plans

Schedules of TESC's Proportionate Share of the Net Pension Liability

Schedule of TESC's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS) Plan 1
Measurement Date of June 30 *
(dollars in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
TESC PERS 1 employers' proportion of the net pension liability	0.10%	0.10%	0.10%	0.11%	0.11%	0.12%	0.13%	0.14%	0.14%	0.14%
TESC PERS 1 employers' proportionate share of the net pension liability	$1,746	$2,193	$2,809	$ 1,307	$4,021	$4,610	$5,989	$6,557	$7,484	$7,319
TESC PERS 1 employers' covered payroll	$7,369	$6,513	$6,206	$ 6,637	$6,952	$6,762	$7,641	$7,575	$7,222	$7,128
TESC PERS 1 employers' proportionate share of the net pension liability as a percentage of its covered payroll	24%	34%	45%	20%	58%	68%	78%	87%	104%	103%
Plan fiduciary net position as a percentage of the total pension liability	84.05%	80.16%	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%

* As of June 30, this schedule is to be built prospectively until it contains ten years of data

Schedule of TESC's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS) Plan 2/3
Measurement Date of June 30 *
(dollars in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
TESC PERS 2/3 employers' proportion of the net pension liability	0.13%	0.12%	0.13%	0.13%	0.14%	0.15%	0.16%	0.16%	0.16%	0.16%
TESC PERS 2/3 employers' proportionate share of the net pension liability (asset)	$ (4,122)	$(4,984)	$(4,698)	$(13,056)	$1,800	$1,421	$2,742	$5,790	$8,111	$5,547
TESC PERS 2/3 employers' covered payroll	$ 12,193	$ 10,462	$ 9,889	$ 9,337	$ 9,740	$ 9,471	$9,519	$ 9,275	$ 8,716	$ 8,028
TESC PERS 2/3 employers' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-34%	-48%	-48%	-140%	18%	15%	29%	62%	93%	69%
Plan fiduciary net position as a percentage of the total pension liability	105.17%	107.02%	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%

* As of June 30, this schedule is to be built prospectively until it contains ten years of data

Pension Plan Information

Cost Sharing Employer Plans

Schedules of TESC's Proportionate Share of the Net Pension Liability

Schedule of TESC's Proportionate Share of the Net Pension Liability
Teachers' Retirement System (TRS) Plan 1
Measurement Date of June 30 *
(Dollars in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
TESC TRS 1 employers' proportion of the net pension liability	0.006%	0.008%	0.010%	0.010%	0.011%	0.012%	0.012%	0.009%	0.009%	0.009%
TESC TRS 1 employers' proportionate share of the net pension liability	$ 62	$ 107	$ 184	$ 67	$ 264	$ 300	$ 357	$ 259	$ 321	$ 273
TESC TRS 1 employers' covered payroll	$ 270	$ 332	$ 371	$ 359	$ 386	$ 394	$ 350	$ 231	$ 228	$ 192
TESC TRS 1 employers' proportionate share of the net pension liability as a percentage of its covered payroll	23%	32%	50%	19%	68%	76%	102%	112%	141%	142%
Plan fiduciary net position as a percentage of the total pension liability	86.53%	85.09%	78.24%	91.42%	70.55%	70.37%	66.52%	65.58%	62.07%	65.70%

* As of June 30, this schedule is to be built prospectively until it contains ten years of data

Schedule of TESC's Proportionate Share of the Net Pension Liability
Teachers' Retirement System (TRS) Plan 2/3
Measurement Date of June 30 *
(Dollars in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
TESC TRS 2/3 employers' proportion of the net pension liability	0.007%	0.008%	0.010%	0.010%	0.011%	0.012%	0.012%	0.009%	0.010%	0.009%
TESC TRS 2/3 employers' proportionate share of the net pension liability (asset)	$ 14	$ (10)	$ (19)	$ (275)	$ 170	$ 74	$ 56	$ 81	$ 132	$ 77
TESC TRS 2/3 employers' covered payroll	$ 344	$ 366	$ 416	$ 381	$ 410	$ 428	$ 378	$ 249	$ 249	$ 242
TESC TRS 2/3 employers' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	4%	-3%	-5%	-72%	41%	17%	15%	33%	53%	32%
Plan fiduciary net position as a percentage of the total pension liability	99.27%	100.49%	100.86%	113.72%	91.72%	96.36%	96.88%	93.14%	88.72%	92.48%

* As of June 30, this schedule is to be built prospectively until it contains ten years of data

Pension Plan Information

Cost Sharing Employer Plans

Schedules of TESC's Proportionate Share of the Net Pension Liability

Schedule of TESC's Proportionate Share of the Net Pension Asset Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2 Measurement Date of June 30 * (dollars in thousands)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
TESC LEOFF 2 employers' proportion of the net pension liability/(asset)	0.024%	0.019%	0.022%	0.027%	0.037%	0.035%	0.032%	0.033%	0.027%	0.027%
TESC LEOFF 2 employers' proportionate share of the net pension liability/(asset)	$ (456)	$ (453)	$ (608)	$(1,567)	$ (762)	$ (800)	$ (644)	$ (464)	$ (159)	$ (279)
TESC LEOFF 2 employers' covered payroll	$ 703	$ 504	$ 541	$ 613	$ 845	$ 745	$ 626	$ 616	$ 506	$ 476
TESC LEOFF 2 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-65%	-90%	-112%	-256%	-90%	-107%	-103%	-75%	-31%	-59%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	109.27%	113.17%	116.09%	142.00%	115.83%	119.43%	118.50%	113.36%	106.04%	111.67%

* As of June 30, this schedule is to be built prospectively until it contains ten years of data

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TESC SUPPLEMENTAL RETIREMENT PLAN (TESCRP)
Measurement Date Ended June 30 *
(dollars in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017
TESCRP total pension liability-Beginning***	$ 3,749	$ 4,994	$ 3,534	$ 8,894	$ 6,818	$ 5,980	$ 6,511	$ 7,856
Service Cost	58	72	55	250	188	154	210	296
Interest	261	349	260	201	243	235	237	230
Difference between expected and actual expense	(609)	(1,151)	991	(3,198)	490	(107)	(565)	(1,326)
Changes of assumptions	-	(360)	311	(2,495)	1,293	694	(229)	(387)
Benefit Payments	(154)	(155)	(157)	(118)	(138)	(137)	(183)	(158)
Net Change in total pension liability	(444)	(1,245)	1,460	(5,360)	2,076	838	(530)	(1,345)
TESCRP total pension liability-Ending	$ 3,305	$ 3,749	$ 4,994	$ 3,534	$ 8,894	$ 6,818	$ 5,980	$ 6,511
Plan fiduciary net position-Beginning **	$ 1,569	$ 1,421	$ 1,372	$ 984				
Contributions-Employer	48	46	46	40				
Net Investment Income	128	102	2	348				
Net Change in plan fiduciary net position	176	148	48	388				
Plan fiduciary net position-Ending	1,745	1,569	1,420	1,372				
TESCRP net pension liability-Ending	$ 1,560	$ 2,180	$ 3,574	$ 2,162				
TESCRP employers' covered payroll	$ 21,082	$ 20,197	$ 20,208	$ 19,459	$ 13,618	$ 14,999	$ 15,978	$ 16,941
TESCRP net l pension liability as a percentage of its covered payroll	7.40%	10.79%	17.69%	11.11%	65.31%	45.46%	37.43%	38.43%

* As of June 30; this schedule is to be built prospectively until it contains ten years of data

**Consistent with GASB No. 67/68, plan assets are included in financial reporting beginning in FY 21

***NPL one year lag

Pension Plan Information

Cost Sharing Employer Plans

Schedules of Contributions

Schedule of Contributions Public Employees' Retirement System (PERS) Plan 1 Fiscal Year Ended June 30 *					
Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2015	$ 658,311	$ 658,311	$ -	$ 7,128,031	9.24%
2016	$ 807,716	$ 807,716	$ -	$ 7,221,683	11.18%
2017	$ 846,770	$ 846,770	$ -	$ 7,575,129	11.18%
2018	$ 970,954	$ 970,954	$ -	$ 7,641,081	12.71%
2019	$ 866,152	$ 866,152	$ -	$ 6,761,755	12.81%
2020	$ 894,291	$ 894,291	$ -	$ 6,951,757	12.86%
2021	$ 859,872	$ 859,872	$ -	$ 6,637,336	12.96%
2022	$ 636,147	$ 636,147	$ -	$ 6,206,247	10.25%
2023	$ 675,051	$ 675,051	$ -	$ 6,512,640	10.37%
2024	$ 584,506	$ 584,506	$ -	$ 7,368,606	7.93%
2025	$ 554,219	$ 554,219	$ -	$ 6,994,598	7.92%
2026					

* As of June 30, this schedule is to be built prospectively until it contains ten years of data

Schedule of Contributions Public Employees' Retirement System (PERS) Plan 2/3 Fiscal Year Ended June 30 *					
Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2015	$ 741,614	$ 741,614	$ -	$ 8,027,795	9.24%
2016	$ 974,930	$ 974,930	$ -	$ 8,716,432	11.18%
2017	$ 1,036,829	$ 1,036,829	$ -	$ 9,275,481	11.18%
2018	$ 1,209,592	$ 1,209,592	$ -	$ 9,518,729	12.71%
2019	$ 1,213,225	$ 1,213,225	$ -	$ 9,471,016	12.81%
2020	$ 1,252,971	$ 1,252,971	$ -	$ 9,739,798	12.86%
2021	$ 1,209,580	$ 1,209,580	$ -	$ 9,336,686	12.96%
2022	$ 1,013,614	$ 1,013,614	$ -	$ 9,888,813	10.25%
2023	$ 1,084,391	$ 1,084,391	$ -	$ 10,461,829	10.37%
2024	$ 1,236,955	$ 1,236,955	$ -	$ 12,193,109	10.14%
2025	$ 1,363,305	$ 1,363,305	$ -	$ 14,556,909	9.37%
2026					

* As of June 30, this schedule is to be built prospectively until it contains ten years of data

Pension Plan Information

Cost Sharing Employer Plans

Schedules of Contributions

Schedule of Contributions
Teachers' Retirement System (TRS) Plan 1
Fiscal Year Ended June 30 *

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2015	$ 19,994	$ 19,994	$ -	$ 192,440	10.39%
2016	$ 29,418	$ 29,418	$ -	$ 227,538	12.93%
2017	$ 30,344	$ 30,344	$ -	$ 231,102	13.13%
2018	$ 52,739	$ 52,739	$ -	$ 350,470	15.05%
2019	$ 60,608	$ 60,608	$ -	$ 393,781	15.39%
2020	$ 59,872	$ 59,872	$ -	$ 386,348	15.50%
2021	$ 56,422	$ 56,422	$ -	$ 358,927	15.72%
2022	$ 52,417	$ 52,417	$ -	$ 361,416	14.50%
2023	$ 49,109	$ 49,109	$ -	$ 331,742	14.80%
2024	$ 10,631	$ 10,631	$ -	$ 270,140	3.94%
2025	$ 9,345	$ 9,345	$ -	$ 103,855	9.00%
2026					

* As of June 30, this schedule is to be built prospectively until it contains ten years of data

Schedule of Contributions
Teachers' Retirement System (TRS) Plan 2/3
Fiscal Year Ended June 30 *

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2015	$ 25,154	$ 25,154	$ -	$ 242,099	10.39%
2016	$ 32,247	$ 32,247	$ -	$ 249,420	12.93%
2017	$ 32,730	$ 32,730	$ -	$ 249,274	13.13%
2018	$ 56,886	$ 56,886	$ -	$ 378,029	15.05%
2019	$ 65,944	$ 65,944	$ -	$ 428,451	15.39%
2020	$ 63,586	$ 63,586	$ -	$ 410,310	15.50%
2021	$ 59,922	$ 59,922	$ -	$ 381,189	15.72%
2022	$ 61,627	$ 61,627	$ -	$ 424,919	14.50%
2023	$ 54,251	$ 54,251	$ -	$ 366,474	14.80%
2024	$ 49,529	$ 49,529	$ -	$ 344,408	14.38%
2025	$ 47,370	$ 47,370	$ -	$ 483,851	9.79%
2026					

* As of June 30, this schedule is to be built prospectively until it contains ten years of data

Pension Plan Information

Cost Sharing Employer Plans

Schedules of Contributions

Schedule of Contributions
Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2
Fiscal Year Ended June 30 *

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2015	$ 42,171	$ 42,171	$ -	$ 475,825	8.86%
2016	$ 43,518	$ 43,518	$ -	$ 506,618	8.59%
2017	$ 53,438	$ 53,438	$ -	$ 616,461	8.67%
2018	$ 55,923	$ 55,923	$ -	$ 626,237	8.93%
2019	$ 66,545	$ 66,545	$ -	$ 745,186	8.93%
2020	$ 74,098	$ 74,098	$ -	$ 844,899	8.77%
2021	$ 53,782	$ 53,782	$ -	$ 613,249	8.77%
2022	$ 47,096	$ 47,096	$ -	$ 540,712	8.71%
2023	$ 43,891	$ 43,891	$ -	$ 503,911	8.71%
2024	$ 59,931	$ 59,931	$ -	$ 702,591	8.53%
2025	$ 58,400	$ 58,400	$ -	$ 684,645	8.53%
2026					

* As of June 30, this schedule is to be built prospectively until it contains ten years of data

Schedule of Contributions
TESC Supplemental Retirement Plan
Fiscal Year Ended June 30 *

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2021	$ 40,000	$ 40,000	$ -	$ 19,458,682	0.21%
2022	$ 46,000	$ 46,000	$ -	$ 20,208,000	0.23%
2023	$ 46,000	$ 46,000	$ -	$ 20,197,000	0.23%
2024	$ 48,000	$ 48,000	$ -	$ 21,082,000	0.23%
2025	$ 53,000	$ 53,000	$ -	$ 22,884,000	0.23%
2026					
2027					
2028					
2029					
2030					

* As of June 30, this schedule is to be built prospectively until it contains ten years of data
** Provided by Office of Financial Management

OPEB Information

Cost Sharing Healthcare Plans

Schedules of TESC's Changes in Total OPEB Liability

Schedule of Changes in Total OPEB Liability THE EVERGREEN STATE COLLEGE Fiscal Year Ending June 30*								
(Dollars in thousands)	2025	2024	2023	2022	2021	2020	2019	2018
Service Cost	$ 568	$ 623	$ 1,339	$ 1,407	$ 1,138	$ 1,164	$ 1,723	$ 2,305
Interest	652	626	622	608	952	1,010	1,185	1,080
Difference between expected and actual expense	334	-	(615)	-	(146)	-	1,081	-
Changes in assumptions	(1,488)	(301)	(10,390)	260	617	1,881	(7,543)	(5,266)
Changes of benefit terms	383	-	-	-	-	-	-	-
Benefit Payments	(441)	(436)	(457)	(463)	(453)	(462)	(500)	(550)
Change in Proportionate Share	(281)	(876)	(496)	(1,082)	(2,475)	(2,393)	(2,385)	59
Other					(970)	-	-	-
Net Change in Total OPEB Liability	(274)	(364)	(9,997)	730	(1,337)	1,200	(6,439)	(2,373)
Total OPEB Liability - Beginning	17,791	18,155	28,152	27,422	28,759	27,559	33,998	36,371
Total OPEB Liability - Ending	$ 17,518	$17,791	$ 18,155	$28,152	$ 27,422	$ 28,759	$ 27,559	$ 33,998
College's proportion of the Total OPEB Liability	0.4003%	0.4067%	0.4273%	0.4350%	0.4529%	0.4955%	0.5426%	0.5836%
Covered Payroll	$ 47,726	$43,440	$ 40,262	$ 39,959	$ 40,726	$ 42,529	$ 43,208	$ 44,707
Total OPEB Liability as a Percentage of Covered Payroll	36.71%	40.96%	45.09%	70.45%	67.33%	67.62%	63.78%	76.05%

* As of June 30, this schedule is to be built prospectively until it contains ten years of data

NOTE TO REQUIRED SUPPLEMENTAL INFORMATION

Plans administered by DRS

The Office of the State Actuary (OSA) calculates the actuarially determined contributions (ADC) based on the results of an actuarial valuation consistent with the state's funding policy defined in Chapter 41.45 RCW. Consistent with the state's contribution-rate adoption process, the results of an actuarial valuation with an odd-numbered year valuation date determine the ADC for the biennium that ensues two years later. For example, the actuarial valuation with a June 30, 2021 valuation date, completed in the fall of 2022, plus any supplemental contribution rates from the preceding legislative session, determines the ADC for the period beginning July 1, 2023, and ending June 30, 2025.

Additional Considerations on ADC for All Plans: OSA calculates the ADC consistent with the methods described above. Adopted contribution rates could be different pending the actions of the governing bodies.

For cost-sharing plans, OSA calculates the contractually required contributions (CRC) using the same assumptions and methods as the ADC, except that the CRC reflect the adopted contribution rates for the time period shown. These might differ from the contribution rates produced for the ADC.

Plans administered by the College

On July 1, 2020, the state of Washington established a trust for contributions paid by the College for the benefit of The Evergreen State College's Supplemental Retirement Plan (TESCSRP) in accordance with Revised Code of Washington 41.50.075. The applicable accounting guidance for the TESCSRP has changed to GASB codification section P20, paragraph 101 and resulted in a significant in the accounting for the plan.

The June 30, 2025 TPL and NPL is based on an actuarial valuation performed as of January 1, 2024 with update procedures performed by the OSA to roll forward the TPL to the measurement date of June 30, 2024. Some of the larger experience items that impacted the TPL were salaries generally lower than assumed and SRP benefits for new retirees were lower than estimated. In addition, OSA's model estimates the SRP benefit of future retirees by relying on assumptions for the benefit calculation performed by Teachers Insurance and Annuity Association of America (TIAA). The valuation was prepared using the entry age actuarial cost method.

The source for the discount rate changed in 2021 from the bond rate required of plans with no assets, to the investment return for plans with assets, due to the change in the plan on July 1, 2020, which led to a change in the appropriate accounting guidance.

OPEB Plan administered by the Healthcare Authority of Washington State

The OPEB Plan has no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4 to pay related benefits.

Material assumption changes in fiscal year 2025 relate to an increase in the discount rate from 3.65% to 3.93%, update on the forecast of healthcare cost trend, and aging factor assumptions. These changes in assumptions decreased TOL.