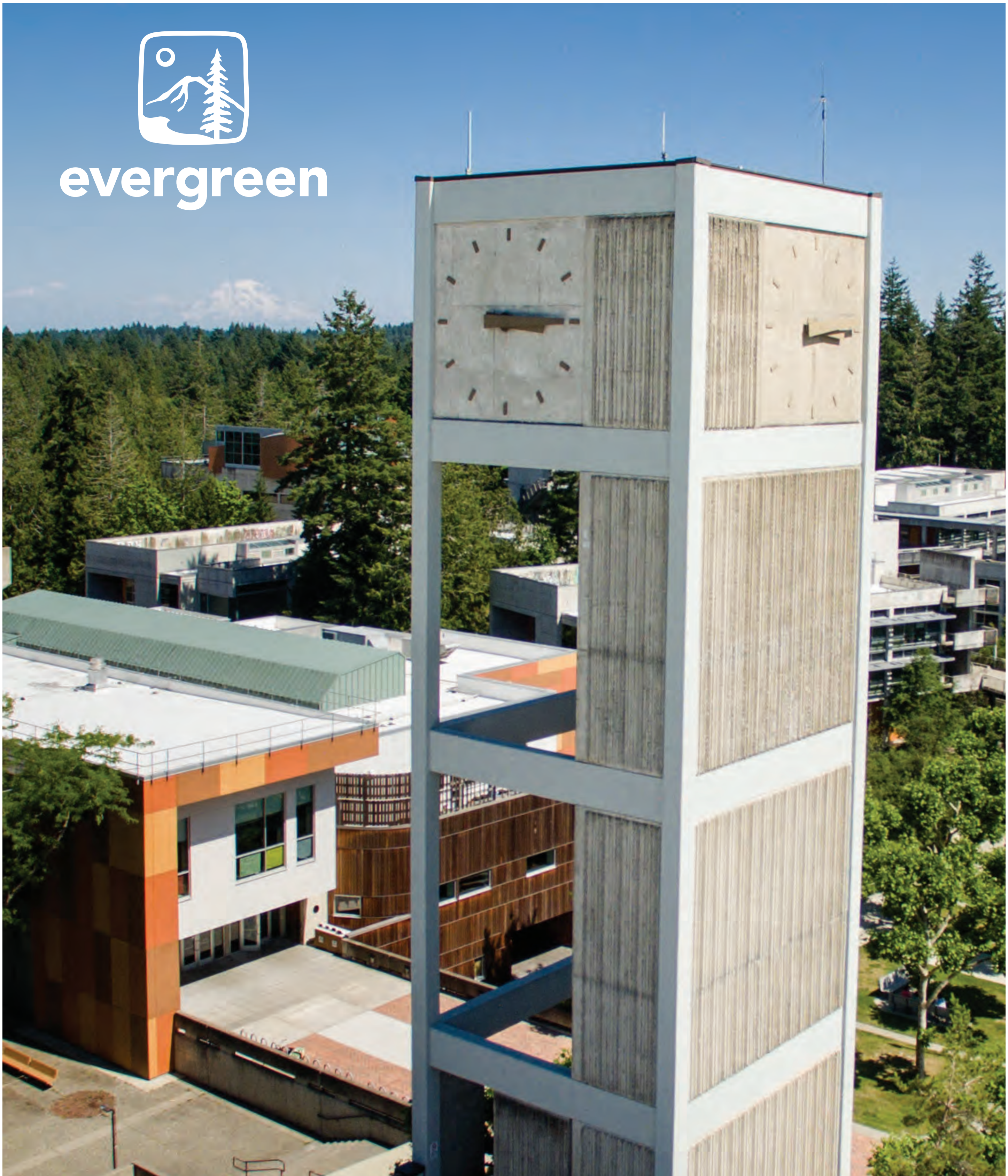
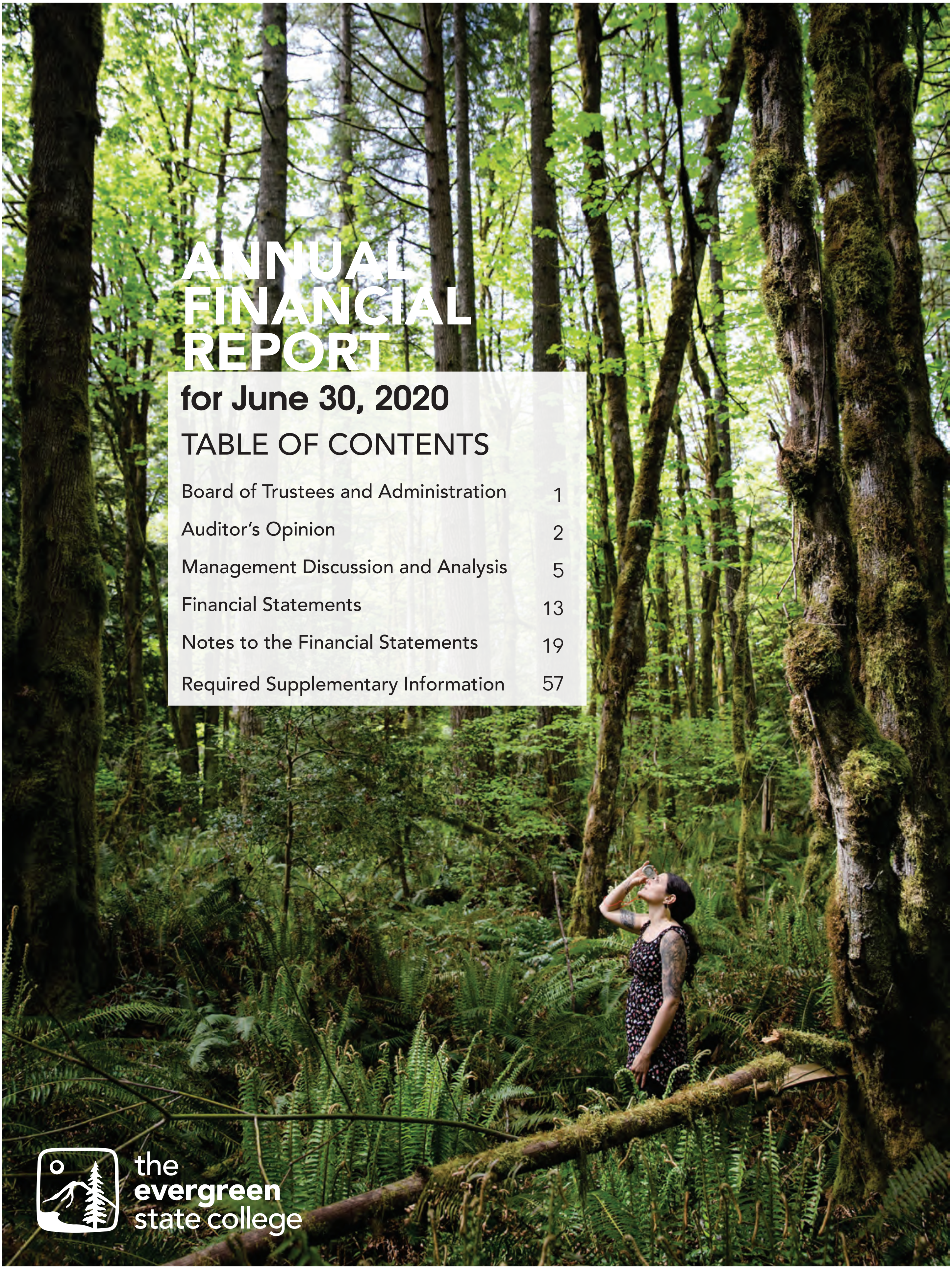


2020 Annual Financial Report



ANNUAL FINANCIAL REPORT

for June 30, 2020

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the evergreen state college

ANNUAL FINANCIAL REPORT FOR JUNE 30, 2020

Office of the Washington State Auditor
Pat McCarthy

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Board of Trustees
The Evergreen State College
Olympia, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of The Evergreen State College, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of The Evergreen State College Foundation (the Foundation), which represents 100 percent of the assets, net position and revenues of the aggregate discretely presented component unit. Those statements were audited by other auditors, whose report has been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the 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, 2020, 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.

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, and 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, 2020, 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.

Other Matters

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 listed in the table of contents be presented to supplement the basic financial statements. Such information, 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements as a whole. The list of Board of Trustees and Administration is presented for purposes of additional analysis and is not a required part of the basic financial statements of the College. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated July 29, 2021, 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 29, 2021

The Evergreen State College

The following discussion and analysis provides an overview of the financial position and activities of The Evergreen State College (the College) for the fiscal years (FY) ended June 30, 2020 and June 30, 2019. Management's Discussion and Analysis (MD&A) provides the readers 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 of 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 Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended. Under this model, 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. The financial statements, in conjunction with the Notes to the Financial Statements, provide a comprehensive way to assess the College's financial health. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* requires an organization to report an organization that raises and holds economic resources for the direct benefit of a government unit as a component unit. Under this requirement, The Evergreen State College Foundation is a component unit of the College and the foundation's financial statements and the notes to their financial statements are incorporated in this financial report.

Statements of Net Positions

The Statements of Net Positions provides information about the College's financial position, and presents the College's assets, liabilities, and net positions at year-end.

A condensed comparison of the Statements of Net Positions as of June 30, 2020 and 2019 follows:

Condensed Statements of Net Positions As of June 30 (in thousands)	2020	2019
Assets		
Current assets	$ 39,664	$ 42,500
Capital, net	183,361	186,421
Other non-current assets	5,836	6,113
Total Assets	228,861	235,034
Deferred Outflows	7,969	4,966
Liabilities		
Current liabilities	13,878	11,763
Other non-current liabilities	61,743	62,688
Total Liabilities	75,621	74,451
Deferred Inflows	18,750	18,245
Total Net Position	$ 142,459	$147,304

Assets

The major components of assets are cash, receivables and capital assets. Total assets decreased by $6.2 million from FY 2019 to FY 2020.

Current assets consist primarily of cash, short-term investments, receivables and inventories. Current assets decreased by $2.8 million from FY 2019 to FY 2020, primarily the result of a $4.9 million decrease in cash and cash equivalents offset by an increase of $1.3 million in Due from State Treasurer and $1.1 million increase in accounts receivable. The decrease in cash was primarily caused by the impact of COVID 19 on revenues in Spring quarter when many students withdrew from classes and canceled their housing and dining contracts. The increase of funds Due from the State Treasurer was expected because FY 2020 was the first year of the biennium when capital projects are funded increasing the amount of capital money held by the State Treasurer's Office. The increase in receivables was primarily due to $1.2 million of federal CARES Act funding due to the college for lost revenue and COVID related expenditures through year end.

Capital assets decreased in FY 2020 by about $3.1 million. During the year, the college continued to increase infrastructure projects and added $7.1 million of construction in progress costs while writing off $2.7 million in construction in progress expenses due to the decision to not pursue the construction of new dormitories at this time. In addition, the college added nearly $390 thousand of capital equipment and recorded current year depreciation of $7.8 million.

Deferred outflows increased by about $3 million and are primarily related to implementation of GASB Statements 68, 73 and 75. The College uses the Participating Employer Financial Information report prepared by the state Department of Retirement Services to determine deferred outflows. Deferred outflows consist primarily of retirement and Other Post-Employment Benefits (OPEB) contributions made after the measurement date and differences between expected and actual experience.

Liabilities

The excess of current assets over current liabilities of $25.8 million, a year-over-year decrease of $4.9 million from FY 2019. Even with this decrease, the College has a current ratio of 2.86 to 1, indicating its ability to continue to easily meet its short-term obligations with liquid or easily liquidated assets. Current liabilities typically fluctuate depending on the timing of payments and the receipt of deposits and revenue that is applicable to the next fiscal year.

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

Current liabilities increased by $2.1 million from FY 2019 to FY 2020. The increase was primarily due to a $1.5 million increase in accounts payable, mostly the result of payments due to contractors working on the critical power, safety and security system of $785 thousand and the Lab 1 Seismic and HVAC renovation projects of $667 thousand.

Noncurrent liabilities decreased by $946 thousand primarily the result of increases in pension and OPEB liabilities due to changes in GASB No. 68, 73 and 75 of $546 thousand offset by a decrease in long-term debt of $1.5 million.

Deferred inflows relate primarily to implementation of GASB Statements 68, 73, and 75 increased by $505,000 mostly, due to changes in actuarial assumptions used to calculate the liabilities and differences between projected and actual investment earnings on applicable plan assets.

Net Position

Net position represents the difference between the College’s assets and deferred outflows, less liabilities and deferred inflows. The change in net position measures whether the overall financial condition has improved or deteriorated during the year and is driven by the difference between revenues and expenses. Net position decreased by $4.8 million in FY 2020, ending at $142.5 million.

The College reports its net position in four categories:

Invested in Capital Assets (Net of Related Debt) –

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-Expendable –

This 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.

Non-Expendable –

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.

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 account and reporting of long-term liabilities.

Evergreen's net position as of June 30, 2020 and 2019 are summarized as follows:

Condensed Net Positions As of June 30 (in thousands)	2020	2019
Invested in capital assets, net of related debt	$ 164,336	$ 165,964
Restricted:		
Pensions	800	644
Non-expendable: Scholarships and Professorships	2,155	2,155
Expendable	4,213	5,793
Unrestricted	(29,045)	(27,252)
Total net position	$ 142,459	$ 147,304

Statements of Revenues, Expenses and Changes in Net Positions

The Statement of Revenues, Expenses and Changes in Net Positions presents the detail of the changes of 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 since state appropriations are shown 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 Statements of Revenues, Expenses and Changes in Net Positions for the Years Ended June 30, 2020 and 2019 follows:

Condensed Statements of Revenues, Expenses, and Changes in Net Positions For the years ended June 30 (in thousands)	2020	2019
Operating revenues (by major source)	$ 48,922	$ 58,105
Operating expenses	100,492	103,712
Net operating loss	(51,570)	(45,607)
Non-operating revenues (by major source)	43,295	40,716
Gain(loss) before other revenues	(8,275)	(4,891)
Other revenues and expenses	4,171	2,534
Increase in net assets	(4,104)	(2,357)
Net assets at beginning of year	147,304	149,661
Prior Period Adjustment	(740)	-
Net assets at end of year	$ 142,459	$147,304

Operating and Non-operating Revenues

Operating revenues consist primarily of tuition and fees (net of scholarship discounts and allowances), grants & contracts, and sales and services revenue generated by auxiliary enterprises and other support operations. Non-operating revenues consist primarily of state appropriations, investment income and Pell grants for student financial aid. Other revenues and expenses are derived almost entirely from state capital appropriations.

In FY 2020, the College's operating revenue decreased by $9.2 million.

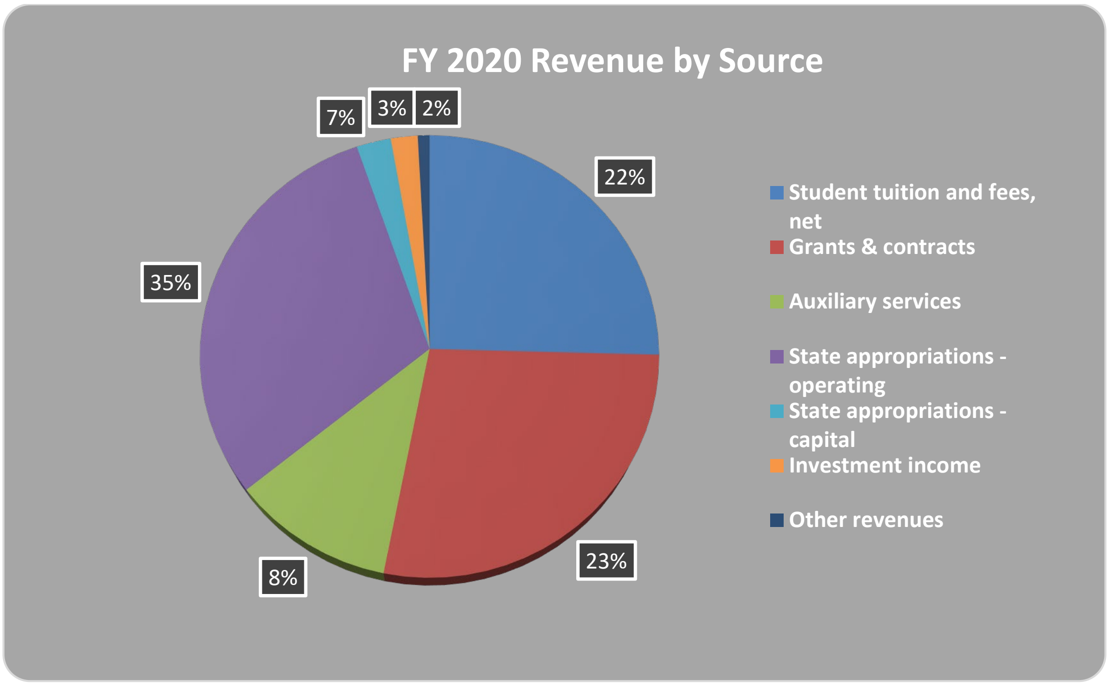
Net tuition revenues (tuition and fees less scholarship allowances) decreased by $3.6 million compared to FY 2019. The decrease was the result of declining enrollments and refunds of tuition to students withdrawing from Spring quarter due to the pandemic. To address the decline in tuition revenues, the College has developed an aggressive "Renewal Plan" designed to increase both recruitment and retention of students.

Auxiliary revenue decreased by $3.1 million primarily due to the pandemic which led to the college refunding Spring quarter room and board, tuition and other fees. Additionally, the requirements to social distance and stay at home resulting in lost revenue to conference services and the bookstore.

State and local grants and contracts decreased by $1.1 million primarily because lower enrollment resulted in fewer students being eligible for the state need grant and the state work study program. As a result, the college received $800 thousand less for the state need grant and $150 thousand less for the work study program.

Non-operating revenues increased in FY 2020 by $2.6 million primarily due to an increase in state appropriations of $3.5 million to cover legislatively approved compensation and other state mandated operating increases and $1.2 million of federal CARES Act money to reimburse the college for COIVD related expenses and lost revenues as a result of the pandemic. These increases were offset by a decrease of $2.5 million for the Federal Pell grant program due to decreased enrollments resulting in fewer students being eligible for the program.

The following graph and table reflect the percentage of revenue received by source of revenue:

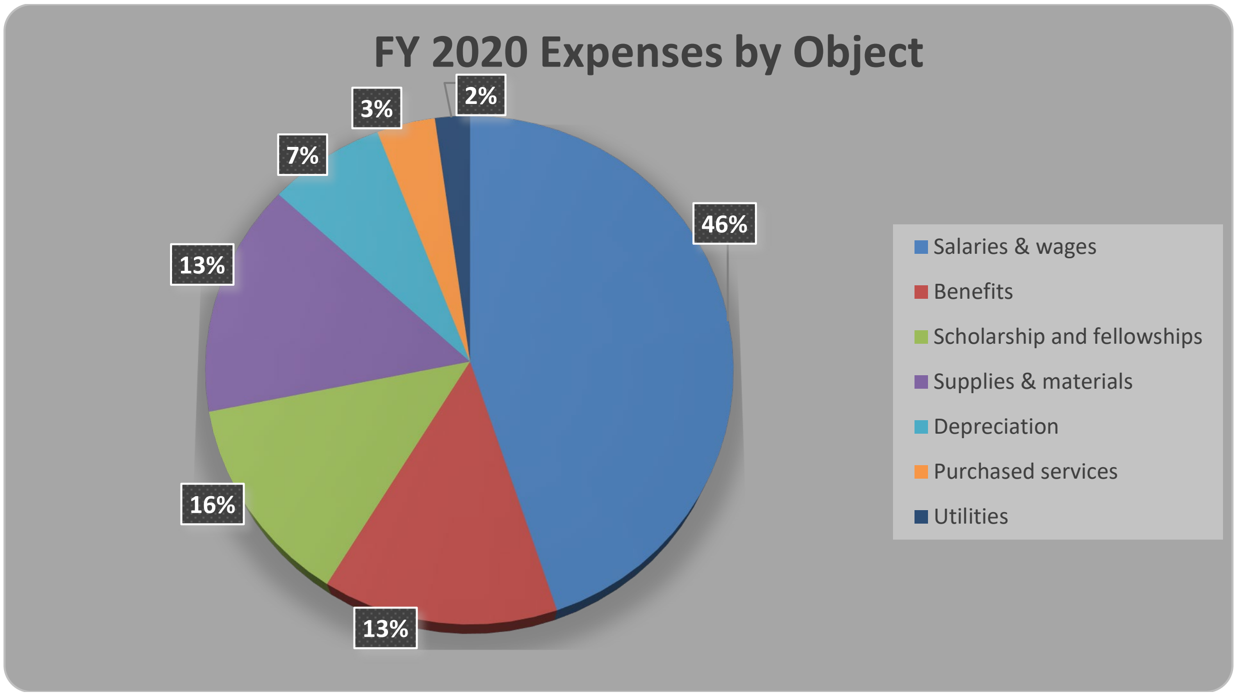


Revenues by Source For the years ended June 30, 2020 and 2019 (in thousands)	2020		2019	
Student tuition and fees, net	$ 22,165	22%	$ 25,761	25%
Grants & contracts	23,221	23%	28,068	28%
Auxiliary services	7,721	8%	11,310	11%
State appropriations - operating	34,306	35%	30,838	30%
State appropriations - capital	6,903	7%	2,534	3%
Investment income	3,319	3%	1,977	2%
Other revenues	2,378	2%	867	1%
Total revenues	**$ 100,013**	**100%**	**$ 101,355**	**100%**

Operating Expenses

In 2020, the College's total operating expenses decreased by about $3.2 million. The largest decrease was in employee benefits of $1.6 million and $2.3 million in supplies and materials. The largest increase was a $2.4 million increase in scholarships and fellowships.

The graph below reflects the percentage of operating expenses by object:



Operating Expenses By Object (in thousands) For the years ended June 30, 2020 and 2019	2020		2019	
Salaries & wages	$ 45,912	46%	$ 46,507	45%
Benefits	12,846	13%	14,482	14%
Scholarship and fellowships	15,975	16%	13,530	13%
Supplies & materials	13,112	13%	15,458	15%
Depreciation	7,806	7%	7,637	7%
Purchased services	2,954	3%	3,819	4%
Utilities	1,888	2%	2,279	2%
Total Expenses	**$ 100,493**	**100%**	**$ 103,712**	**100%**

Capital Asset

During FY 2020 the College continued to increase its investment in capital assets. Ongoing projects at the end of the year include:

- The construction of a new Health and Counseling Center that is expected to be completed during FY21.
- The renovation of the HVAC system in Lab 1.
- A critical power project to upgrade current systems making them safer.
- The development of an infrastructure master plan.

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.

Financial Summary and Economic Factors That Will Affect the Future

The Washington State Economic and Revenue Forecast Council's June 2020 estimate of state general fund revenues indicated a decrease of $4.5 billion for the current 2019-21 biennium and $4.4 billion in the 2021-23 biennium. The decreased forecast is attributed to the economic disruption caused by the COVID-19 pandemic. Subsequent forecasts in September and November 2020 increased the 2019-21 and 2021-23 forecasts by $2.7 billion and $2.5 billion respectively, primarily due to higher-than-expected revenue collections in the sectors of retail trade and real estate.

Last spring, in response to declining state revenues, the Governor's Office of Financial Management directed all state agencies, including higher education institutions, to identify operating budget savings for FY 2021 equal to 15% of current appropriations. Potentially permanent appropriation reductions may be enacted during the 2021 Legislative session that convened in January 2021.

The COVID-19 pandemic has impacted other non-state appropriated operating revenues as well. Undergraduate and graduate tuition rates were increased for the 2020-21 academic year, but enrollment declines are expected to offset any increase in net tuition revenue associated with the rate increase. Significant and unprecedented revenue losses are expected in auxiliary activities due to reduced occupancy in student housing and COVID-19 restrictions on gatherings.

The college has addressed the economic challenges in a few ways including reduction of unit operating budgets, hiring & purchasing freezes, not providing salary increases to exempt non-represented staff, and implementing furloughs for all staff and faculty. These efforts combined with continued assessment and planning will help guide the college's response to the fiscal impact caused by the pandemic. Even with these efforts, the college expects the COVID-19 pandemic revenue losses to negatively impact reserves.

The State provided funding to implement the legislatively approved 3% annual compensation increase for all College employees in both fiscal years of the 2019-21 biennium. The legislature also invested in the College's Psychology program by providing funding to increase faculty to address the increased interest in the program.

For the 2019-21 biennium, the legislature authorized a new dedicated revenue source for public institutions of higher education, the Workforce Education Investment Account that dramatically expands the amount of state support for low income college students who are Washington residents. This additional aid should help increase the number of students attending Evergreen.

The 2019-21 biennial capital budget includes funding to create new space for a student health care center, address HVAC and seismic issues in aging building and to create a sustainable master plan for campus utilities.

Enrollment has been declining for the past several years which the College is addressing through the implementation of a robust three-year renewal plan. However, if enrollments continue to decline the College could continue to experience a decline in tuition revenue.

The Evergreen State College
Statement of Net Position
June 30, 2020

		2020
Assets		
Current Assets		
Cash and cash equivalents	$	25,057,601
Due from State Treasurer		1,644,289
Funds held with State Treasurer		2,293,372
Accounts receivable, net		9,358,830
Student loan receivables, net		316,155
Inventories		993,982
Total current assets	**$**	**39,664,229**
Non-Current Assets		
Restricted Investments	$	3,244,866
Student Loan Receivables, net		1,791,547
Net Pension Asset		799,861
Capital Assets, net of depreciation		183,360,810
Total non-current assets	$	189,197,084
Total assets	**$**	**228,861,313**
Deferred Outflows		
Relating to pension	$	4,977,272
Related to OPEB		2,974,562
Deferred Outflow on Refundings		17,515
Total deferred outflows	**$**	**7,969,349**
Liabilities		
Current Liabilities		
Accounts Payable and Accrued Expenses	$	6,408,263
Unearned Revenues		2,483,092
Deposits Payable		464,135
Compensated Absences		2,396,738
Current portion, Total OPEB Liability		495,897
Current portion, Total Pension Liability		138,033
Current portion of bonds and notes payable		1,492,277
Total current liabilities	**$**	**13,878,435**
Non-Current Liabilities		
Compensated Absences	$	768,866
Total Pension Liability (GASB 73)		8,756,296
Total OPEB Liability (GASB 75)		28,263,361
Net Pension Liabilities (GASB 68)		6,404,272
Long Term Debt		17,550,000
Total non-current liabilities	**$**	**61,742,795**
Total liabilities	**$**	**75,621,230**
Deferred Inflows		
Relating to pension	$	5,505,528
Relating to OPEB (GASB 75)		13,244,488
Total deferred inflows	**$**	**18,750,016**
Net Position		
Net Investment in capital assets	$	164,336,048
Restricted for:		
Pensions		799,861
Nonexpendable:		
Scholarships and professorships		2,154,440
Expendable:		
Loans		3,691,862
Endowment earnings		521,726
Unrestricted		(29,044,521)
Total net position	**$**	**142,459,416**

See Accompanying Notes to the Financial Statements.

THE EVERGREEN STATE COLLEGE FOUNDATION
Statement of Financial Position
Year Ended June 30, 2020

ASSETS

		2020
CURRENT ASSETS		
Cash, including restricted cash	$	2,321,187
Investment cash		1,729,719
Beneficial interest in lead trust		150,000
Unconditional promises to give, current		347,350
Other receivables		7,092
Total Current Assets		**4,555,348**
OTHER ASSETS		
Investments		16,098,059
Beneficial interest in lead trust		1,265,368
Long-term unconditional promises to give		318,783
Total Other Assets		**17,682,210**
Total Assets	**$**	**22,237,558**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	$	4,646
Payable to Evergreen State College		110,600
Total Current Liabilities		**115,246**
Total Liabilities		**115,246**
NET ASSETS		
Without Donor Restriction		1,014,049
Without Donor Restriction-Board Designated		1,015,212
Total net assets without donor restrictions		**2,029,261**
With Donor Restriction		19,234,334
With Donor Restriction-Board Designated		858,717
Total net assets with donor restrictions		**20,093,051**
Total Net Assets		**22,122,312**
Total Liabilities and Net Assets	**$**	**22,237,558**

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, 2020

		2020
Operating Revenues		
Student tuition and fees	$	30,758,673
Less scholarship discounts and allowances		(8,593,224)
Auxiliary enterprise sales, net		7,721,391
State and local grants and contracts		9,005,433
Federal grants and contracts		5,845,204
Nongovernmental grants and contracts		2,972,849
Other operating revenue		910,877
Sales and services of educational activities		174,048
Interest on loans to students		127,034
Total operating revenue	**$**	**48,922,285**
Operating Expenses		
Salaries and wages	$	45,911,693
Benefits		12,846,561
Scholarships and fellowships		15,974,694
Supplies and materials		13,111,580
Depreciation		7,805,534
Purchased services		2,953,939
Utilities		1,888,358
Total operating expenses	**$**	**100,492,359**
Operating loss	**$**	**(51,570,074)**
Non-Operating Revenues (Expenses)		
State appropriations	$	34,306,000
Federal pell grant revenue		5,396,921
Federal CARES grant revenue		1,166,111
Investment income, gains and losses		3,319,114
Debt service		(893,010)
Net non-operating revenues	**$**	**43,295,136**
Income/(Loss) before contributions, special items	**$**	**(8,274,938)**
Capital appropriations	$	6,903,133
Special Item - CIP impairment		(2,732,634)
Increase/(Decrease) in net position	$	(4,104,439)
Net Position		
Net position, beginning of year	$	147,303,855
Prior Period Adjustment (Note 18)		(740,000)
Net position, beginning of year - restated	$	146,563,855
Net position, end of year	$	142,459,416

See Accompanying Notes to the Financial Statements

THE EVERGREEN STATE COLLEGE FOUNDATION
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2020

	Without Donor Restriction	With Donor Restriction	2020 Total
SUPPORT AND REVENUES			
Gifts and contributions	$ 222,080	$ 2,493,855	$ 2,715,935
In-kind support from College	1,229,598	-	1,229,598
Investment income	115,130	133,776	248,906
Gift fees	69,157	-	69,157
Reclassifications and transfers	85,075	(85,075)	-
Net assets released from restrictions	3,150,137	(3,150,137)	-
Total support and revenues	**4,871,177**	**(607,581)**	**4,263,597**
EXPENSES			
Program services:			
Grants and scholarships	2,997,071	-	2,997,071
Other College support	325,968	-	325,968
Total program services	3,323,039	-	3,323,039
Support Services:			
Management and General	835,659	-	835,659
Fundraising	532,749	-	532,749
Total support services	1,368,408	-	1,368,408
Total expenses	**4,691,447**	**-**	**4,691,447**
(Decrease) increase in net assets	**179,730**	**(607,581)**	**(427,851)**
NET ASSETS			
Beginning of year	1,849,530	20,700,632	22,550,162
Ending Net Assets	**$ 2,029,261**	**$ 20,093,051**	**$ 22,122,312**

The Evergreen State College
Statement of Cash Flows
For Year Ended June 30, 2020

		2020
Cash flows from operating activities		
Student tuition and fees	$	27,158,982
Grants and contracts		17,823,485
Sales and services of educational activities		174,048
Auxiliary enterprise sales		7,721,391
Payments to employees		(60,642,089)
Payment to vendors		(17,491,575)
Payment for scholarships and fellowships		(20,051,152)
Net cash used by operating activities	$	(45,306,910)
Cash flows from noncapital financing activities		
State operating appropriations	$	34,306,000
Direct lending receipts		15,658,493
Direct lending disbursements		(15,546,382)
Agency fund receipts		860,175
Agency fund disbursements		(819,887)
Federal CARES grant revenue		1,166,111
Federal pell grant receipts		5,396,921
Net cash provided by noncapital financing activities	$	41,021,431
Cash flows from capital and related financing activities		
Capital appropriations	$	6,903,133
Purchase of capital assets		(7,474,963)
Principal paid on capital debt		(1,435,026)
Debt Service Expenses and Interest		(893,010)
Net cash used by capital and related financing activities	$	(2,899,866)
Cash flows from investing activities		
Income from investments, net	$	2,244,821
Net cash provided by investing activities	$	2,244,821
Increase in cash and cash equivalents	$	(4,940,524)
Cash and cash equivalents at the beginning of the year		29,998,125
Cash and cash equivalents at the end of the year	$	25,057,601

Reconciliation of Operating Loss to Net Cash used by Operating Activities

		2020
Operating Loss	$	(51,570,074)
Depreciation expense w Amortization		7,805,534
Net Pension Expense		(2,524,023)
Changes in assets and liabilities		
Accounts receivable		(1,057,156)
Loans receivable		667,373
Inventory		(29,121)
Accounts payable and accrued expenses		727,385
Unearned revenues		(63,253)
Deposits		332,199
Net Pension Obligation Expense		312,969
OPEB non Pension expense		91,258
Net cash used by operating activities	$	(45,306,910)

See Accompanying Notes to the Financial Statements.

THE EVERGREEN STATE COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

		2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	(427,851)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributions restricted for long term purposes		(259,482)
(Increase) Decrease in unconditional promises to give		(567,656)
Decrease in Split-Interest Agreements		128,515
Proceeds from sale of donated stock		182,319
Donated marketable securities		(186,562)
(Decrease) Increase in accounts payable		(79,667)
(Decrease) Increase in payable to College		(90,542)
(Increase) Decrease in other receivable		(7,092)
Net cash provided (used) by operating activities		**(1,308,018)**
CASH FLOWS APPLIED TO INVESTING ACTIVITIES		
(Purchase) sale of investment		163,106
Investment Income added to investments		(586,543)
Unrealized gains on investments		351,035
Loss on donated marketable securities		4,242
Net cash used by investing activities		**(68,160)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term purposes		259,482
Net cash provided by financing activities		**259,482**
Net (decrease) increase in cash and cash equivalents		**(1,116,695)**
CASH AND CASH EQUIVALENTS		
Beginning of year		3,437,882
End of year	**$**	**2,321,187**
Non-Cash Transactions - Contributions in kind	$	1,418,969

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, the Evergreen State College Foundation (the Foundation).

The Foundation is a legally separate, tax-exempt entity. The Board of Directors 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 statement 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 ended June 30, 2020, the Foundation distributed approximately $3 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/.

Financial Statement Presentation
The financial statements are presented in accordance with generally accepted accounting principles (GAAP) and follow the guidance given by GASB. The College has special purpose report reflecting the net position, results of operations and cash flows for certain auxiliary unit: Residential Services. These financial statements present only a selected portion of the activities of the College. As such, they are not intended to and do not present the financial position, results of operations, or changes in net position of the College.

Basis of Accounting
For financial reporting purposes, the College is considered as a special purpose government engaged in business-type activities as defined by GASB Statement No. 35. 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 Positions.

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 consists 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 $5,000 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 not included in pension 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 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. Both are recorded as liabilities. Employees are entitled to either the present value of 25% of his/her unused sick leave upon retirement or 25% of his/her net accumulation for the year in which it exceeds 480 hours.

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 consistent 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 students' 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.

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.

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 Statement No. 72 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 in the above table 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 Statement No. 40 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.

	June 30,2020
Cash on hand	20,105
Bank demand and time deposits	11,562,248
Local government investment pool	13,475,248
Total cash and cash equivalents	$ 25,057,601

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 College's Time Certificates of Deposit are insured through either the Federal Deposit Insurance Corporation or by collateral held in a multiple financial institution collateral pool administered by the PDPC. The Endowment fund investment policy allows for the investments in equities of domestic publicly listed corporations on national exchanges.

Investment Maturities and Fair Market Value Reporting Level			
Investments		Fair value	Fair Value Measurement: Level Inputs
Cash Equivalents			
	Bond Funds	$ 3,244,866	Level 2
	Equities	-	
	Totals	$ 3,244,866	

As June 30, 2020, the net appreciation on investments of donor-restricted endowments that is available for expenditure authorization is $521,726 which is reported as restricted, expendable on the Statement of Net Position. State law allows for 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. Funds held with the State Treasurer on June 30, 2020 totaled $2,293,372.

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 at June 30 consisted of the following:

		2020
Student tuition and fees	$	3,831,522
Federal, state and private grants		2,606,942
State appropriation receivable		1,644,289
Auxiliary enterprises		656,175
Other operating activities		2,873,856
Subtotal		11,612,784
Allowance for uncollectable		(609,665)
Net accounts receivable	$	11,003,119

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

		2020
Perkins loans	$	2,090,294
Other loans		20,484
Subtotal	$	2,110,778
Allowance for uncollectable		(3,075)
Net student loans receivable	$	2,107,703

Note 5. Inventories

Inventories on June 30 consist of the following:

Inventories		2020
Enterprise funds	$	86,187
Working capital funds		907,795
Total inventory	$	993,982

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2020 is summarized as below. In FY20 the Dorm project CIP was impaired and stoppage occurred, due to lower enrollment and financial constraints. The project expenses were made in FY17 and FY18 for designs and engineering costs and did not affect the asset value.

		Balance June 30,2019	Additions/ Transfers	Retirements/ Adjustments	Balance June 30,2020
1701	Land	$ 8,866,129	$ -	$ -	$ 8,866,129
1750	Construction in progress	6,793,359	7,085,179	(2,732,634)	11,145,904
	Total non-depreciable assets	15,659,488	$ 7,085,179	(2,732,634)	20,012,033
1705	Infrastructure	$ 13,765,379	$ -	$ -	$ 13,765,379
1702	Buildings	266,067,536	-		266,067,536
1703	Improvements other than buildings	1,725,506	-	-	1,725,506
1704	Furniture, fixtures and equipment	18,073,485	389,785		18,463,270
1706	Library resources	21,182,065	-	-	21,182,065
	Total depreciable assets	$ 320,813,971	$ 389,785	$ -	$ 321,203,756
1725	Infrastructure	$ 10,262,862	$ 385,407	-	$ 10,648,269
1722	Buildings	105,471,160	6,303,028	-	111,774,188
1723	Improvements other than buildings	324,056	59,518	-	383,574
1724	Furniture, fixtures and equipment	15,202,118	730,653	-	15,932,771
1726	Library resources	18,792,294	323,883	-	19,116,177
	Total accumulated depreciation	$ 150,052,490	$ 7,802,489	$ -	$ 157,854,979
		$ 186,420,969	$ (327,525)	$ (2,732,634)	$ 183,360,810

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 College employees are accrued when incurred. The sick leave liability is recorded as an actuarial estimate of one-fourth the total balance on the payroll records. The changes in the accrued vacation and sick leave balances for the year ended June 30 are as follows:

Compensated Absences	2020
Vacation Leave	$ 2,396,738
Sick Leave	768,866
Total	$ 3,165,604

Note 8. Non-Current Liabilities

Following are changes in non-current liabilities for the year ended June 30, 2020:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Current Portion	Long-Term Portion
Accrued leave liabilities	$2,929,642	$ 2,898,901	$ 2,662,939	$3,165,604	$ 2,396,738	$ 768,866
Certificate of Participation(Tacoma)	9,945,000	-	405,000	9,540,000	425,000	9,115,000
Certificate of Participation(Housing)	92,303	-	45,026	47,277	47,277	-
Certificate of Participation(CAB)	7,785,000	-	630,000	7,155,000	655,000	6,500,000
Net pension liability (DRS)	9,143,907	-	2,739,635	6,404,272	-	6,404,272
Total pension liability (TIAA)	6,818,000	2,076,329	-	8,894,329	138,033	8,756,296
Total OPEB Liability	27,558,538	1,200,720	-	28,759,258	495,897	28,263,361
Housing Revenue Bonds payable	2,655,000	-	355,000	2,300,000	365,000	1,935,000
Total	$66,927,390	$ 6,175,950	$ 6,837,600,	$66,265,740	$ 4,522,945	$61,742,795

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, 2020:

Debt Service Requirements

The scheduled maturities of system revenue bonds are as follows:

Fiscal Year	Principal	Interest	Total
2021	$ 365,000	$ 54,970	$ 419,970
2022	370,000	46,246	416,246
2023	375,000	37,404	412,404
2024	385,000	28,441	413,441
2025	400,000	19,239	419,239
2026	405,000	9,680	414,680
Total	$ 2,300,000	$ 195,980	$ 2,495,980

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 and thereafter are as follows:

Notes Payable	Certificates of Participation (COP) CAB Building		
Fiscal Year	Principal	Interest	Total
2021	$ 655,000	$ 279,338	$ 934,338
2022	690,000	246,588	936,588
2023	725,000	212,087	937,087
2024	760,000	175,838	935,838
2025	795,000	137,837	932,837
2026-2029	3,530,000	213,250	3,743,250
Total	**$7,155,000**	**$1,264,938**	**$8,419,938**

In March of 2016, the College obtained financing to cover the cost to purchase property in downtown Tacoma for a permanent home for the Tacoma Program through a certificates 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 December 1, 2016. The College's debt service requirements for this note agreement for the next five years and thereafter are as follows:

Notes Payable	Certificates of Participation (COP) Tacoma Campus		
Fiscal Year	Principal	Interest	Total
2021	$ 425,000	$ 362,575	$ 787,575
2022	445,000	341,325	786,325
2023	470,000	319,075	789,075
2024	490,000	295,575	785,575
2025	515,000	271,075	786,075
2026-2036	7,195,000	1,468,288	8,663,288
Total	**$9,540,000**	**$3,057,913**	**$12,597,913**

In March of 2016, the College obtained financing to cover the cost to an industrial conveyer type energy star dishwasher through certificates of participation (COP), issued by the Washington Office of State Treasurer in the amount of $214,107. The interest rate charged is approximately 1.3%. The term of the COP is 5 years with payments due June 1 and December 1 annually. The College's first payment was December 1, 2016. The College's debt service requirements for this note agreement for the next two years and thereafter are as follows:

Notes Payable	Certificates of Participation (COP) Industrial Dishwasher		
Fiscal Year	Principal	Interest	Total
2021	$ 47,277	$ 2,364	$ 49,641
Total	**$47,277**	**$2,364**	**$49,641**

Note 11. Commitments

Encumbrances for current funds carried forward totaled $726,371 on June 30, 2020.

Note 12. Operating Expenses by Function

Operating expenses by functional classification for the year end June 30, 2020 are as follows:

	2020
Instruction	$ 28,321,571
Scholarship and aid	15,974,694
Auxiliary enterprises	10,905,740
Institutional support	10,555,668
Operations and maintenance	8,111,259
Depreciation	7,805,534
Academic support	7,460,585
Student services	7,637,236
Public service	3,550,448
Research	169,625
Total operating expenses	**$100,492,360**

Note 13. 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 is a party to various litigations and other claims in the ordinary course of business. Starting FY19 the College has settlements of $125,000 for the next four years, of which the College's portion is $60,000 each year. In the opinion of management, the ultimate resolution of these matters 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. During the past three fiscal years, no settlement have been greater than the insurance coverage.

In accordance with State policy, the College self-insures unemployment compensation for all employees. The College maintains an unemployment reserve, funded by charging all labor and wage expenditures, except for work-study, a percentage in order to fund the reserve to pay unemployment claims. The rate charged in FY 2020 was 0.25%. Unemployment compensation claims paid by the College during FY 2020 were $52,597. At the end of FY 2020, the reserve balance was $320,955.

Note 14. 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 calendar years 2020 and 2019, this amount is $183 and $168 respectively for retirees who are enrolled in parts A and B of Medicare, per member per month. This is also passed through to State agencies via active employees 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 2019, the total College's headcount of active member is 621.

There is no formal State or College plan that underlies the subsidy of retiree health and life insurance. An actuarial study performed by the Washington Office of the State Actuary (OSA) calculated the total OPEB actuarial accrued liability of the State of Washington as of the measurement date of June 30, 2019.

ACTUARIAL ASSUMPTIONS:

Accounting requirements dictate the use of assumptions to best estimate the impact the pension obligations will have on the University's auxiliary units. 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 Residential Services' financial statements. The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement period:

- **Inflation:** 2.75%
- **Salary Increases:** 3.50% including service-based salary increases
- **Health Care Trend Rates:** Initial rate of 8.00% adjusting to 4.50% in 2080
- **Post-retirement Participation:** 65.00%
- **Spouse Coverage:** 45.00%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100.0% Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The discount rate used to measure the total pension liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index. A discount rate of 3.87% was used for the June 30, 2018 measurement date and 3.50% for the June 30, 2019 measurement date.

The following presents proportional share of the total College OPEB liability, calculated using the discount rate of 3.50%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50% or 1 percentage point higher (4.50%) than the current rate.

Total OPEB Liability Discount Rate Sensitivity	
1% Decrease	$34,826,500
Current Discount Rate - 3.87%	$28,759,259
1% Increase	$24,046,810

The following represents the total OPEB liability of the College calculated using the health care trend rates of 8.00% decreasing to 4.50%, 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 (7.00% decreasing to 3.50%) or 1 percentage point higher (9.00% decreasing to 5.50%) than the current rate:

Total OPEB Liability Health Care Cost Trend Rate Sensitivity	
1% Decrease	$23,276,253
Current Discount Rate - 8.00%	$28,759,259
1% Increase	$36,138,551

TOTAL OPEB LIABILITY:

As of June 30, 2020, components of the proportionate share calculation of total OPEB liability determined in accordance with GASB Statement No. 75 for the College are represented in the following table:

Schedule of Changes in Total OPEB Liability	
Total OPEB Liability	**2020**
Service cost	$ 1,164,479
Interest	1,010,119
Changes of benefit terms	-
Differences between expected & actual experience	-
Changes in assumptions	1,881,107
Benefit payments	(462,069)
Change in Proportionate share	(2,392,916)
Other	-
Net Change in Total OPEB Liability	**$ 1,200,720**
Total OPEB Liability - Beginning	**27,558,539**
Total OPEB Liability - Ending	**$ 28,759,259**

The College's proportionate share of OPEB expense for the fiscal year ended June 30, 2020 was $587,155.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES:

The tables below summarize college's deferred outflows and inflows of resources related to OPEB, together with the related future year impacts to 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		
		2020
Change in proportion	$	38,607
Change in Assumptions		1,672,095
Difference between expected and actual experience		767,963
Transactions subsequent to the measurement date		495,897
TOTAL	**$**	**2,974,562**

Deferred Inflows of Resources		
		2020
Changes of assumptions	$	8,338,547
Changes in Proportion		4,905,941
TOTAL	**$**	**13,244,488**

Amortization of Deferred Outflows and Deferred Inflows of Resources		
Year		
2021	$	(1,587,443)
2022		(1,587,443)
2023		(1,587,443)
2024		(1,587,443)
2025		(1,587,443)
Thereafter		(2,828,608)
TOTAL	**$**	**(10,765,823)**

Note 15. 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 deferred compensation is not available to employees until termination, retirement or unforeseeable financial emergency.

Note 16. Retirement Plans

The College offers three contributory pension plans, which cover eligible faculty, staff and administrative employees: The Washington State Public Employees' Retirement System (PERS), includes PERS 1 and PERS 2/3, the Teachers Retirement System (TRS), includes TRS 1 and TRS 2/3, and the Law Enforcement Officers' and Firefighters' Retirement System (LEOFF 2). They are multiple-employer, defined benefit, public retirement systems administered by the State of Washington, Department of Retirement Systems (DRS), as established in the Revised Code of Washington (RCW) chapter 41.50.

For 2020, the payroll for the College's employees was $16,691,555 for PERS1 and PERS 2/3, $796,658 for TRS1 and TRS 2/3, $844,899 for LEOFF2 and $21,514,957 for TESCRP. Total covered payroll for 2020 was $39,848,069.

The College implemented Statement No. 68 of the Governmental Accounting Standards Board (GASB) "Accounting and Financial Reporting for Pensions" for fiscal year 2015 financial reporting. TESC's defined benefit pension plans were created by statutes. With the exception of the supplemental component of the TESCRP plan, they are administered in a way equivalent to pension trusts as defined by the GASB.

In accordance with Statement No. 68, TESC has elected to use the prior fiscal year end as the measurement date for reporting net pension liabilities.

Basis of Accounting

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.

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 positions of all plans and additions to/deductions from all plan fiduciary net positions have been determined in all material respects on the same basis as they are reported by the plans.

Investments

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.

Department of Retirement Systems

As established in chapter 41.50 of the Revised Code of Washington (RCW), the Department of Retirement Systems (DRS) administers eight retirement systems covering eligible employees of the state and local governments. The Governor appoints the director of the DRS. The DRS administered systems that TESC offers its employees are comprised of five defined benefit pension plans and two defined benefit/defined contribution plans. Below are the DRS defined benefit plans that TESC offers its employees:

- Public Employees Retirement System (PERS) Plans 1 & 2/3
- Teacher's Retirement System (TRS) Plans 1 & 2
- Law Enforcement Officers and Fire Fighters' Plan 2

Below are the DRS defined benefit/defined contribution plans that TESC offers its employees:

- Public Employees Retirement System (PERS) Plans 2/3
- Teacher's Retirement System (TRS) Plan 3

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, PERS 2/3, TRS 1, TRS 2/3, and LEOFF 2 systems and plans 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 htttp://www.drs.wa.gov/administration/annual-report/.

Higher Education

As established in chapter 28B.10 RCW, eligible higher education State employees may participate in higher education retirement plans. These plans include a defined contribution plan administered by a third party with a supplemental defined benefit component (on a pay as you go basis) which is administered by the State.

A. PLANS ADMINISTERED BY THE EVERGREEN STATE COLLEGE

The Evergreen State College Retirement Plan

PLAN DESCRIPTION:

The plan is a defined contribution 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, 2020 was $3,721,827. 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, 2020.

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.

ACTUARIAL ASSUMPTIONS:

Accounting requirements dictate the use of assumptions to best estimate the impact the pension obligations will have on the College's auxiliary units. 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 Residential Services' financial statements.

The total pension liability was determined by an actuarial valuation as of June 30, 2020, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: 2.75%
- Salary Increases: 3.50%
- Discount Rate: 2.21%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the June 2020 Experience Study Report.

The discount rate used to measure the total pension liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

The following presents College's proportional share of the pension liability for the TESCRP for TESC as an employer, calculated using the discount rate of 2.21%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1.0% point lower (1.21%) or 1.0% point higher (3.21%) than the current rate.

Total Pension Liability - Interest Rate Sensitivity		
1% Decrease 1.21%	**Current Discount Rate 2.21%**	**1% Increase 3.21%**
$10,163,603	$8,894,329	$7,841,224

Material assumption changes during the measurement period included first, updating the GASB Statement No. 73 discount rate from 3.50% to 2.21% (increased the TPL), and secondly, updating the two variable income investment return assumptions used in the "assumed income" calculation from 6.50% to 2.31% for the CREF component and from 4.25% to 4.12% for the TIAA component (decreased the TPL).

TOTAL PENSION LIABILITY (TPL):

Assets set aside to pay TESCRP benefits are not held in a qualified trust as defined by GASB. A qualified trust requires that contributions from employers be irrevocable, dedicated to providing pension benefits to plan members, and are legally protected from creditors of the employer and plan administrator. As a result, Housing & Dining reports the total TESCRP pension liability. This is different from the DRS plans (PERS 1, PERS 2/3, TRS 1, TRS 2/3, and LEOFF2), which have trusted assets and, therefore, are reported as a net pension liability.

Schedule of Changes in Total Pension Liability THE EVERGREEN STATE COLLEGE Fiscal Year Ending June 30, 2019	
Total Pension Liability - Beginning	**$ 6,818,058**
Service Cost	187,631
Interest	242,804
Changes of benefit terms	-
Difference between expected and actual expense (1)	490,372
Changes of assumptions	1,293,497

Benefit Payments		(138,033)
Other		-
Net Change in Total Pension Liability	**$**	**2,076,271**
Total Pension Liability - Ending	**$**	**8,894,329**
TESC Covered-employee Payroll (2)	$	13,617,916
Total Pension Liability as a Percentage of Covered-Employee Payroll		65,31%

The College's TESCRP pension expense for the fiscal years ended June 30, 2020 was $451,503.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES:

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

Deferred Outflows of Resources	
Difference between expected and actual experience	$ 405,825
Change in assumptions	1,547,392
Total	$ 1,953,217

Deferred Inflows of Resources	
Difference between expected and actual experience	$ 900,826
Change in assumptions	279,031
Total	$ 1,179,857

Amortization of Deferred Inflows and Outflows of Resources		
Year		
2021	$	21,068
2022		21,068
2023		181,737
2024		288,850
2025		260,637
Thereafter		-
Total	$	773,360

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 percent 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 percent 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 percent 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 http://www.drs.wa.gov/ administration/annual-report/.

ACTUARIAL ASSUMPTIONS:

The total pension liability (TPL) for each of the plans was determined using the most recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. The actuarial assumptions used in the valuation are summarized in the Actuarial Section of DRS' Comprehensive Annual Financial Report located on the DRS employer-resource GASB webpage. These assumptions reflect the results of OSA's 2007-2012 Experience Study and the 2017 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019. Plan liabilities were rolled forward from June 30, 2018, to June 30, 2019, reflecting each plan's normal cost (using the entry age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary Increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity
- **Investment rate of return:** 7.40%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) are developed for each major as- set class by the WSIB. Those expected returns make up one component of WSIB's Capital Market Assumptions (CMAs). The CMAs contain the following three pieces of information for each class of assets the 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.

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 June 30, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Fixed Income	20.00%	2.20%
Tangible Assets	7.00%	5.10%
Real Estate	18.00%	5.80%
Global Equity	32.00%	6.30%
Private Equity	23.00%	9.30%
Total	100.00%	

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

There were no material changes in assumptions, benefit terms or method changes for the reporting period.

DISCOUNT RATE:

The discount rate used to measure the total pension liability was 7.40 percent, the same as the prior measurement date. 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 7.50 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.50 percent except LEOFF Plan 2, which has assumed 7.40 percent.)

Consistent with the long-term expected rate of return, a 7.40 percent 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 7.40 percent on pension plan investments was applied to determine the total pension liability.

SENSITIVITY OF THE NET PENSION LIABIILTY 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 7.40 percent, 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 (6.40 percent) or 1 percentage point higher (8.40 percent) than the current rate.

Plan		2020 1% Decrease 6.40%		Current Discount Rate 7.40%		1% Increase 8.40%
PERS 1	$	5,773,097	$	4,609,927	$	3,600,724
PERS 2/3		10,897,705		1,420,896		(6,355,453)
TRS 1		383,204		299,820		227,490
TRS 2/3		401,274		73,630		(192,767)
LEOFF 2		(148,728)		(799,861)		(1,331,335)

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, 2020 are as follows:

Required Contribution Rates	College		Employee	
PERS				
Plan 1	7.52%		6.00%	
Plan 2	7.52%		7.41%	
Plan 3	7.52%	*	5.00-15.00%	**
TRS				
Plan 1	7.83%		6.00%	
Plan 2	7.83%		7.06%	
Plan 3	7.83%	*	5.00-15.00%	**
LEOFF				
Plan 2	8.75%		8.75%	

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 years ending June 30, 2020 as follows:

		2020
PERS 1 and 2/3		
Employee	$	1,241,037
College	$	2,147,262
TRS 1 and 2/3		
Employee	$	52,654
College	$	123,458
LEOFF 2		
Employee	$	72,577
College	$	74,098

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, 2020 was June 30, 2019 (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 asset as of June 30, 2019 is presented in the table below.

Proportionate Share Allocation Percentage

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2
FY19 Proportionate Share	0.1199%	0.1463%	0.0121%	0.0122%	0.0345%

Aggregate Pension Balances

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
June 30, 2020						
Net Pension Liability	$4,609,927	$1,420,896	$ 299,820	$ 73,630		$6,404,272
Net Pension Asset					$799,861	$ 799,861

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	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Year Ended June 30, 2019	$(442,795)	$ 228,317	$10,836	$ 57,647	$(33,210)	$(179,205)

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
2020						
Difference between expected and actual experience		$ 407,090		$ 51,196	$ 57,557	$ 515,843
Changes of assumptions		36,385		27,758	1,318	65,460

Net Difference between projected and actual earnings on pension plan investments						-
Change in proportion		47,792		35,122	15,018	97,932
Contributions subsequent to the measurement date	894,291	1,252,972	59,873	63,586	74,098	2,344,819
Total	$ 894,291	$ 1,744,238	$ 59,873	$ 177,662	$ 147,991	$3,024,054

Deferred Inflows of Resources

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
2020						
Difference between expected and actual experience		$ 305,485		$ 2,369	$ 14,384	$ 322,238
Changes of assumptions		596,160		19,563	90,010	705,733
Net Difference between projected and actual earnings on pension plan investments	307,982	2,068,245	22,994	63,568	163,997	2,626,786
Change in proportion		586,961		7,971	75,982	670,914
Total	$ 307,982	$ 3,556,851	$ 22,994	$ 93,471	$ 344,373	$4,325,671

Amortization of Deferred Outflows and Deferred inflows of Resources

YEAR	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
2020	$(67,989)	$ (721,252)	$(4,720)	$ (2,721)	$ (51,619)	$(848,300)
2021	(161,046)	(1,152,864)	(12,344)	(19,976)	(90,118)	(1,436,348)
2022	(57,470)	(562,129)	(4,341)	(2,131)	(44,461)	(670,532)
2023	(21,477)	(343,315)	(1,589)	4,416	(27,069)	(389,034)
2024		(215,348)		9,776	(13,928)	(219,501)
Thereafter		(70,677)		31,240	(43,285)	(82,722)
Total	$(307,982)	$ (3,065,585)	$(22,994)	$ 20,604	$(270,480)	$(3,646,437)

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

Note 17. Pledged Revenues

The Governmental Accounting Standards Board (GASB) has issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues.* 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	$ 743,955	$ 418,455	$ 2,495,980	2015 Housing Bond	Refunding of 2006 Bond Issue	2026

Note 18. Prior Period Adjustment

The accompanying financial statements have been restated to correct an error made in prior years. The error relates to an understatement of accounts payable and an overstatement of net position by $740,000. The effect of the restatement was to increase accounts payable by $740,000 and adjust net position at the beginning of FY 2020 for the effect of the restatement on prior years.

Note 19. Segment Information

The College operates residence halls “Residential Services” located on the College campus. Revenue bonds 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, therefore, for accounting purposes, the 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, 2020:

Condensed Statement of Net Positions

Assets		
Current assets		$ 8,423,298
Non-current assets		7,331,154
	Total Assets	$ 15,754,452
Deferred Outflows		$ 153,518
Liabilities		
Current liabilities		618,860
Non-current liabilities		2,743,420
	Total Liabilities	$ 3,362,280
Deferred Inflows		$ 337,544
Net Position		
Net Investment in Capital Assets		5,048,669
Unrestricted		7,159,476
	Net position	$ 12,208,145

Condensed Statement of Revenues, Expenses and Changes in Net Position

Operating revenues		$ 3,861,699
Operating expenses		4,030,782
Net operating income (loss)		$ (169,083)
Non-operating revenues (expenses)		23,078
Special Item – CIP Impairment		(2,732,634)
Changes in net position		$ (2,878,639)
Net Position		
	Net position, beginning	$15,086,784
Net position, end of year		$ 12,208,145

Condensed Statement of Cash Flow

Net cash flows provided by operating activities	$ 678,130
Net cash flows used by capital financing activities	(416,341)
Net cash flows provided by investing activities	84,419
Net increase to cash	346,208
Cash beginning of year	7,819,999
Cash end of year	$ 8,166,207

Note 20. Subsequent Events

In February of 2020, the Governor of the state of Washington declared a state of emergency in response to the COVID-19 pandemic. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing school, colleges and universities cancelling public events, prohibiting public and private gathers, and require people to stay home unless they are leaving for an essential function.

Evergreen moved to remote learning for Spring quarter of 2020 and have continued remote learning through at least Winter quarter 2021. Most employees are also working remotely.

The college has and continues to coordinate its response to the pandemic with local public health departs as well as the Washington State Department of Health. To assist with increased COVID-19 related expenses, the Department of Education (ED) provided THE COLLEGE with $3.8 million in federal CARES Act funds. Of the $3.8 million, 50% of the funds are to be used to provide emergency financial aid grants to students for expenses related to the disruption of campus operations. The remaining 50% of the funds can be used to cover any costs associated with significant changes to the delivery of instructions. As of June 30, 2020, a total of $2.3 million of CARES Act funds have been spent.

In December 2020, Evergreen was awarded additional federal CARES Act funds in the amount of $5.9 million, of that $1.9 million is to be used to provide emergency financial aid grants to students for expenses related to the disruption of campus operations. The remaining $4 million of the funds can be used to cover any costs associated with significant changes to the delivery of instruction.

Evergreen was also awarded $1.1 million in Governor's Emergency Education Relief Fund (GEER). These Federal GEER funds are to provide emergency support through grants to Local Education Agencies and institutes of Higher Education. Also, Evergreen expects to continue to receive Federal FEMA and CARES Act assistance and will also apply for additional Federal and State support for expenses related to the COVID-19 pandemic as it becomes available.

The outbreak of COVID-19 is a significant event that has had and is expected to have material effects on the finances, operations, and economy of the State and Evergreen. The impacts to the operations of Evergreen include but are not limited to enrollment, legislative and the economic impacts on the State budget. The State Legislature's responses as they impact the funding of higher education are not yet known. The full impact of the COVID-19 pandemic on Evergreen is uncertain, as such, Evergreen will continue to monitor ongoing events and respond accordingly.

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 the 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 (GAAP). Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Unconditional Promises to Give

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Unconditional promises to give due within one year are reported at their net realizable value. FASB Statement 116 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 Investment Cash

For purposes of reporting on the statements of cash flows, the Foundation considers all checking accounts as cash, except those held in an investment portfolio. As of June 30, 2020, cash totaled $2,321,187 of which $1,339,192 was restricted for donor purposes. Invested 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.

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:

Morgan Stanley

		2020
Cash and Money Market	$	1,729,719
Mutual Funds		463,970
Certificates of Deposit		864,757
Total	$	3,058,446

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. 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:

Fair Market Value as of June:

		2020
Total Units at U of W		37,583,470
Value per Unit	$	94.722
Total value at U of W	$	3,560,000,000

Evergreen Foundation Portion

Total Units		153,649
Value per Unit	$	94.722
Total Evergreen Foundation Portion	$	14,554,017

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.

At June 30, 2020, an additional $215,315 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.

In December 2015, the Foundation became a 50% beneficiary of a Charitable Lead Annuity Trust split-interest agreement. The basis of recognition for the revenue is the present value of the future cash flow for the expected annuity payment.

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, 2020. The fiscal years ended June 30, 2020, 2019, 2018 and 2017 remain open for examination by taxing authorities.

Financial Statement Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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 has 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.

The Foundation provided grants to the College totaling $2,163,915 for the year ended June 30, 2020. During the year ended June 30, 2020, the Foundation also provided $833,153 to the College for student scholarships and fellowships. This amount is included in the grants and allocations total shown on the statements of functional expenses.

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. See Note 10 for additional in-kind support information.

Amounts payable to the college were $110,600 as of June 30, 2020.

Fund-Raising

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

Financial statement presentation – 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.

NOTE 2 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30 are as follows:

	2020
Receivable in less than one year	$ 347,350
Receivable in one to five years	318,783
Total Unconditional Promises to Give	$ 666,133

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 1.44% and 3.15% and the total discount for the long-term promises to give as of June 30, 2020 is $13,244.

NOTE 3 – INVESTMENTS

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

	2020
Cash	$ 360,293
Money market	1,369,426
Certificates of deposit	869,759
Mutual funds	458,969
Investment in the University of Washington	
Consolidated endowment fund	14,769,331
Total Investments	$ 17,827,778

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

	2020
Interest and dividend income	$ 609,517
Net realized/ unrealized gains on investments	(360,611)
Total Investment Loss/income	$ 248,906

NOTE 4 – 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 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 by type of fund as of June 30:

2020	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 12,934,287	$ 12,934,287
Board-designated endowment funds	1,015,212	858,717	1,873,929
Total Funds	$ 1,015,212	$ 13,793,004	$ 14,808,216

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

2020	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 894,913	$ 14,028,650	$ 14,923,563
Investment return	25,299	130,035	155,334
Contributions, net of transfers	95,000	260,812	355,812
Net assets released	-	(626,493)	(626,493)
Endowment net assets, end of year	$ 1,015,212	$ 13,793,004	$ 14,808,216

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. In accordance with GAAP, deficiencies of this nature are required to be reported in unrestricted net assets. There were no deficiencies of this nature as of June 30, 2020.

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:

	2020
Investment Strategy	**Long-term Target**
Emerging Markets Equity	18%
Developed Markets Equity	32%
Private Equity	15%
Real Assets	5%
Opportunistic	2%
Absolute Return	18%
Fixed Income	10%

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 5 – 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 at June 30 is as follows:

	Year Ended June 30, 2020			
	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Cash and money market	$ -	$ 1,729,719	$ -	$ 1,729,719
Certificates of deposit		869,759	-	869,759
Mutual funds		458,968	-	458,968
Consolidated endowment fund (CEF)		14,769,331	-	14,769,331
Charitable lead annuity trust		1,415,368	-	1,415,368
Total assets at fair value	$ -	$19,243,145	$ -	$19,243,145

NOTE 6 – 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%. The basis of recognition for the revenue is the present value of the future cash flow for the expected annuity payment. The discount rate applied is 2.61%. At the end of the 15 year period, the donor will receive the remaining balance of the trust.

The Charitable Lead Annuity Trust present value at June 30 is as follows:

	2020
Due in less than one year	$ 150,000
Due in one to five years	750,000
Due in six years or more	746,302
Discount	(230,934)
Total	$ 1,415,368

NOTE 7 – RELEASE OF NET ASSETS

Net assets of $3,150,137 were released from donor restrictions for the year ended June 30, 2020, by incurring expenses satisfying the restricted purposes or by the occurrences of other events specified by the donors.

NOTE 8 – 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:

	2020
Academic Support and Research	$ 6,310,322
Other College Support	1,622,777
Public Service Centers	116,594
Student Aid	12,043,358
Total Net Assets With Donor Restriction	$20,093,051

NOTE 9 – CONCENTRATIONS

Major Donors

For the year ended June 30, 2020, the Foundation received contributions from ten sources that comprised approximately 48% of total contribution revenue.

NOTE 10 – 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 year ended June 30:

	2020
From individual and corporate donors:	
Stock	$ 186,562
Art Work	-
Materials	2,809
Total in-kind support from individuals and corporate donors	189,371
From the College	
Management services	1,075,785
Rent	28,116
Supplies and equipment usage	125,697
Total in-kind support from the College	1,229,598
Total in-kind support	$ 1,418,969

NOTE 11 – ADMINISTRATIVE 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 $69,157 in administrative fees for the year ended June 30, 2020.

NOTE 12 – 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, 2020, the Foundation was holding funds earmarked for academic year 2020-2021 scholarships in the amount of $946,365. Of this amount, $472,800 was available for endowment based scholarships, and $473,565 was available for one-time scholarships on June 30, 2020.

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 13 – LIQUIDITY AND AVAILABILITY

An analysis of asset accounts at fiscal year-end June 30, 2020, occurred to determine which are liquid and which are illiquid.

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.

	2020
Financial assets	
Cash and cash equivalents	$ 2,321,187
Investment cash	1,729,719
Beneficial interest in lead trust	1,415,368
Contributions receivable net	666,133
Other receivables	7,092
Investments	16,098,059
Financial assets, at year end	22,237,558
Less those unavailable for general expenditure within one year:	
Beneficial interest in lead trust - collectible beyond one year	1,265,368
Contributions receivable - collectible beyond one year	318,783
Long term investments	16,098,059
	17,682,210
Financial assets available to meet cash needs for general expenditures within one year	$ 4,555,348

NOTE 14 – SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through February 17, 2021, the date on which the financial statements were available to be issued.

NOTE 15 – FINANCIAL IMPACT OF COVID-19

The spread of the novel coronavirus (COVID-19) around the globe has affected the foundation both directly and indirectly. On February 29, 2020, the Governor issued proclamation 20-05, declaring a State of Emergency for all counties throughout the state of Washington as a result of COVID-19. Due to the continued worldwide spread of the virus, on March 13, 2020, the Governor exercised emergency powers under RCW 43.06.220, which prohibited all public and private universities, colleges, and technical schools from conducting in-person classroom instruction and lecturers to slow down the spread of the virus. Following the Governor's Stay Home order, the foundation suspended its annual in person fundraising event Art of Giving and held it virtually. As a result, the foundation did not accept gifts-in-kind to be auctioned potentially reducing the amount of revenue earned from the virtual event.

Annual revenues were similar to prior years, and management expects fundraising performance in FY20 to continue at a similar level. Some expenses associated with in-person events and meetings have declined resulting in decreased management, fundraising, and program operating expenses.

Management believes the extent of the COVID 19 pandemic's impact on operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond the foundation's control and ability to forecast. Such factors include, but are not limited to, the length and severity of the pandemic, COVID safety restrictions and the overall economy. Because of these and other uncertainties, management cannot estimate the length or impact of the pandemic on the foundation's financial position.

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)	2019	2018	2017	2016	2015
TESC PERS 1 employers' proportion of the net pension liability	0.12%	0.13%	0.14%	0.14%	0.14%
TESC PERS 1 employers' proportionate share of the net pension liability	$ 4,610	$ 5,989	$ 6,557	$ 7,484	$ 7,319
TESC PERS 1 employers' covered payroll	$ 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	68%	78%	87%	104%	103%
Plan fiduciary net position as a percentage of the total pension liability	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)	2019	2018	2017	2016	2015
TESC PERS 2/3 employers' proportion of the net pension liability	0.15%	0.16%	0.16%	0.16%	0.16%
TESC PERS 2/3 employers' proportionate share of the net pension liability	$ 1,421	$ 2,742	$ 5,790	$ 8,111	$ 5,547
TESC PERS 2/3 employers' covered payroll	$ 9,471	$ 9,519	$ 9,275	$ 8,716	$ 8,028
TESC PERS 2/3 employers' proportionate share of the net pension liability as a percentage of its covered payroll	15%	29%	62%	93%	69%
Plan fiduciary net position as a percentage of the total pension liability	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)	2019	2018	2017	2016	2015
TESC TRS 1 employers' proportion of the net pension liability	0.012%	0.012%	0.009%	0.009%	0.009%
TESC TRS 1 employers' proportionate share of the net pension liability	$ 300	$ 357	$ 259	$ 321	$ 273
TESC TRS 1 employers' covered payroll	$ 394	$ 350	$ 231	$ 228	$ 192
TESC TRS 1 employers' proportionate share of the net pension liability as a percentage of its covered payroll	76%	102%	112%	141%	142%
Plan fiduciary net position as a percentage of the total pension liability	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)	2019	2018	2017	2016	2015
TESC TRS 2/3 employers' proportion of the net pension liability	0.012%	0.012%	0.009%	0.010%	0.009%
TESC TRS 2/3 employers' proportionate share of the net pension liability	$ 74	$ 56	$ 81	$ 132	$ 77
TESC TRS 2/3 employers' covered payroll	$ 428	$ 378	$ 249	$ 249	$ 242
TESC TRS 2/3 employers' proportionate share of the net pension liability as a percentage of its covered payroll	17%	15%	33%	53%	32%
Plan fiduciary net position as a percentage of the total pension liability	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)

	2019	2018	2017	2016	2015
TESC LEOFF 2 employers' proportion of the net pension liability/(asset)	0.035%	0.032%	0.033%	0.027%	0.027%
TESC LEOFF 2 employers' proportionate share of the net pension liability/(asset)	$ (800)	$ (644)	$ (464)	$ (159)	$ (279)
TESC LEOFF 2 employers' covered payroll	$ 745	$ 626	$ 616	$ 506	$ 476
TESC LEOFF 2 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-107%	-103%	-75%	-31%	-59%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	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 TOTAL PENSION LIABILITY AND RELATED RATIOS
TESC SUPPLEMENTAL RETIREMENT PLAN (TESCRP)
Fiscal Year Ended June 30 *
(dollars in thousands)

	2020	2019	2018	2017
TESCRP total pension liability	$ 8,894	$ 6,818	$ 5,980	$ 6,510
TESCRP employers' covered payroll	$ 13,618	$ 14,999	$ 15,978	$ 16,941
TESCRP total pension liability as a percentage of its covered payroll	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

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					
2022					
2023					
2024					

* 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					
2022					
2023					
2024					

* 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					
2022					
2023					
2024					

* 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					
2022					
2023					
2024					

* 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					
2022					
2023					
2024					

* 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
2017	$ 2,147,117	$ 2,147,117	$ -	$ 24,885,814	8.63%
2018	$ 2,072,140	$ 2,072,140	$ -	$ 23,782,743	8.71%
2019	$ 1,972,547	$ 1,972,547	$ -	$ 22,796,919	8.65%
2020	$ 1,860,898	$ 1,860,898	$ -	$ 21,514,957	8.65%
2021					
2022					
2023					
2024					
2025					
2026					

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

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*	2020	2019	2018
Service Cost	$ 1,164,479	$ 1,723,003	$ 2,304,831
Interest	1,010,119	1,184,555	1,079,597
Difference between expected and actual expense	-	1,081,268	-
Changes of assumptions	1,881,107	(7,543,053)	(5,266,293)
Changes of benefit terms	-	-	-
Benefit Payments	(462,069)	(500,297)	(550,180)
Change in Proportionate Share	(2,392,916)	(2,384,556)	58,800
Other	-	-	-
Net Change in Total OPEB Liability	1,200,720	(6,439,080)	(2,373,245)
Total OPEB Liability - Beginning	27,558,539	33,997,619	36,370,864
Total OPEB Liability - Ending	$ 28,759,259	$ 27,558,539	$ 33,997,619
College's proportion of the Total OPEB Liability	0.49551958%	0.54263691%	0.58356771%
Covered Payroll	$ 42,529,434	$ 43,207,595	$ 44,706,632
Total OPEB Liability as a Percentage of Covered Payroll	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, 2017 valuation date, completed in the fall of 2018, determines the ADC for the period beginning July 1, 2019, and ending June 30, 2021.

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 instance, for the period beginning July 1, 2019 and ending June 30, 2021, the contribution rates that the Pension Funding Council adopted, which the Legislature did not change, reflect a phasing in of the increase to contribution rates that resulted from a change to the mortality assumption. This is the second of three biennia over which this increase is expected to be phased-in for PERS 1, PERS 2/3, TRS 1, and TRS 2/3.

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

The Evergreen State College Retirement Plan has no assets accumulated in a trust that meets the criteria in GASB Statement No. 73, paragraph 4 to pay related benefits.

Material assumption changes during the fiscal year 2020 measurement period include updating the GASB 73 discount rate from 3.50% to 2.21% ("Change in assumption" which increased the TPL). Additionally, the fiscal year 2020 returns for the Teachers Insurance and Annuity Association of America (TIAA) and CREF investments were used to determine a member's assumed income. Those returns were 4.12 percent for TIAA and 2.31 percent for CREF. This resulted in an increase in the TPL. Material assumption changes during the fiscal year 2019 measurement period include updating the GASB 73 discount rate from 3.87% to 3.50% ("Change in assumption" which decreased the TPL).

Additionally, CREF investment experience during fiscal year 2019 was slightly lower than expected (4.97 percent actual return). Lower investment experience than expected leads to an increase in the TPL. TIAA investment experience only slightly deviated from OSA's assumption. Based on input from TIAA, OSA modified the TIAA settlement rates, settlement mortality, and increased the CREF investment return assumptions ("Difference between expected and actual experience" which also increased the TPL).

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 during the fiscal year 2019 measurement period relate to a decrease in the Bond Buyer General Obligation 20- Bond Municipal Bond Index, from 3.87% for the June 30, 2018 measurement date, to 3.50% for the June 30, 2019 measurement date. Other material assumption changes included lowering the forecast of future healthcare cost trends. This resulted in an increase in the TOL.

Material assumption changes during the fiscal year 2018 measurement period relate to an increase in the Bond Buyer General Obligation 20-Bond Municipal Bond Index, from 3.58% for the June 30, 2017 measurement date, to 3.87% for the June 30, 2018 measurement date.