

**WASHINGTON APPLE EDUCATION FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**



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**WASHINGTON APPLE EDUCATION FOUNDATION
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Washington Apple Education Foundation
Wenatchee, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Washington Apple Education Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington Apple Education Foundation as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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



CliftonLarsonAllen LLP

Kennewick, Washington
May 13, 2025

WASHINGTON APPLE EDUCATION FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 198,551	\$ 242,503
Promises to Give	64,241	45,953
Prepaid Expenses	23,000	21,539
Total Current Assets	285,792	309,995
EQUIPMENT		
Office Equipment	55,836	55,836
Accumulated Depreciation	(50,459)	(48,226)
Total Equipment	5,377	7,610
INVESTMENTS		
Investments	9,719,406	8,885,469
RIGHT-OF-USE ASSETS		
Right-of-Use Asset - Finance	8,768	8,768
Accumulated Amortization	(3,069)	(1,315)
Total Right-of-Use Asset	5,699	7,453
Total Assets	\$ 10,016,274	\$ 9,210,527
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 13,962	\$ 48,985
Grants and Scholarships Payable	94,491	75,635
Accrued Liabilities	22,116	19,763
Deferred Revenue	33,500	28,254
Current Portion of Finance Lease Obligations	1,703	1,638
Total Current Liabilities	165,772	174,275
NON-CURRENT LIABILITIES		
Finance Lease Obligations, Net of Current Portion	4,718	6,421
FUNDS HELD FOR OTHERS		
	4,014,380	3,755,475
NET ASSETS		
Without Donor Restrictions:		
Board-Designated Endowment	11,590	11,590
Board-Designated Scholarship	184,369	150,273
Reserve	300,000	300,000
Total Net Assets Without Donor Restrictions	495,959	461,863
With Donor Restrictions:		
Purpose Restrictions	5,313,145	4,790,193
Perpetual Restrictions	22,300	22,300
Total Net Assets With Donor Restrictions	5,335,445	4,812,493
Total Net Assets	5,831,404	5,274,356
Total Liabilities and Net Assets	\$ 10,016,274	\$ 9,210,527

See accompanying Notes to Financial Statements.

**WASHINGTON APPLE EDUCATION FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions	\$ 313,903	\$ 1,158,713	\$ 1,472,616
Special Events	432,608	-	432,608
Contributions of Nonfinancial Assets	58,638	-	58,638
Net Investment Return	55,263	523,496	578,759
Net Assets Released from Restrictions	1,159,257	(1,159,257)	-
Total Support and Revenues	2,019,669	522,952	2,542,621
 EXPENSES			
Scholarships	1,254,423	-	1,254,423
In-Kind	58,638	-	58,638
Farmworker and Industry Education	16,945	-	16,945
Beyond the Scholarship	230,367	-	230,367
Management and General	174,548	-	174,548
Fundraising	250,652	-	250,652
Total Expenses	1,985,573	-	1,985,573
 CHANGES IN NET ASSETS	\$ 34,096	\$ 522,952	\$ 557,048

See accompanying Notes to Financial Statements.

**WASHINGTON APPLE EDUCATION FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions	\$ 239,239	\$ 1,068,374	\$ 1,307,613
Special Events	420,809	-	420,809
Contributions of Nonfinancial Assets	59,038	-	59,038
Other Income	1,292	-	1,292
Net Investment Return	49,408	653,772	703,180
Net Assets Released from Restrictions	1,110,224	(1,110,224)	-
Total Support and Revenues	<u>1,880,010</u>	<u>611,922</u>	<u>2,491,932</u>
EXPENSES			
Scholarships	1,190,909	-	1,190,909
In-Kind	59,038	-	59,038
Farmworker and Industry Education	13,409	-	13,409
Beyond the Scholarship	201,460	-	201,460
Management and General	170,204	-	170,204
Fundraising	244,802	-	244,802
Total Expenses	<u>1,879,822</u>	<u>-</u>	<u>1,879,822</u>
CHANGES IN NET ASSETS	<u>\$ 188</u>	<u>\$ 611,922</u>	<u>\$ 612,110</u>

See accompanying Notes to Financial Statements.

**WASHINGTON APPLE EDUCATION FOUNDATION
STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>Without Donor Restrictions</u>	<u>Purpose Restrictions</u>	<u>Perpetual Restrictions</u>	<u>Total</u>
BALANCE - DECEMBER 31, 2022	\$ 461,675	\$ 4,178,271	\$ 22,300	\$ 4,662,246
Changes in Net Assets	<u>188</u>	<u>611,922</u>	<u>-</u>	<u>612,110</u>
BALANCE - DECEMBER 31, 2023	461,863	4,790,193	22,300	5,274,356
Changes in Net Assets	<u>34,096</u>	<u>522,952</u>	<u>-</u>	<u>557,048</u>
BALANCE - DECEMBER 31, 2024	<u>\$ 495,959</u>	<u>\$ 5,313,145</u>	<u>\$ 22,300</u>	<u>\$ 5,831,404</u>

See accompanying Notes to Financial Statements.

**WASHINGTON APPLE EDUCATION FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024**

	Program Services				Fundraising	Total Expenses
	Scholarships	Farmworker and Industry Education	Beyond the Scholarship	Management and General		
Payroll	\$ 62,430	\$ 4,951	\$ 108,850	\$ 64,102	\$ 82,085	\$ 322,418
Payroll Taxes and Benefits	14,016	1,111	24,437	14,391	18,428	72,383
Total Personnel Costs	<u>76,446</u>	<u>6,062</u>	<u>133,287</u>	<u>78,493</u>	<u>100,513</u>	<u>394,801</u>
Scholarships and Student Assistance	1,104,824	-	74,397	-	-	1,179,221
Special Events	43,755	-	-	-	128,799	172,554
In-Kind	-	-	-	-	58,638	58,638
Professional Fees	-	-	-	50,387	-	50,387
Travel	3,964	314	6,912	4,071	5,213	20,474
Occupancy	3,259	258	5,682	3,346	4,285	16,830
Recognition	14,194	-	-	-	-	14,194
Other Grants	-	9,853	-	-	-	9,853
Repairs and Maintenance	1,696	134	2,957	1,741	2,230	8,758
Volunteer Appreciation	-	-	-	8,736	-	8,736
Office Supplies	1,469	116	2,560	1,508	1,931	7,584
Professional Development	-	-	-	6,690	-	6,690
Development	2,194	-	-	-	4,234	6,428
Promotional	959	76	1,673	985	1,262	4,955
Bank Fees and Charges	-	-	-	4,755	-	4,755
Insurance	904	72	1,576	928	1,188	4,668
Meetings	-	-	-	4,074	-	4,074
Depreciation and Amortization	-	-	-	3,987	-	3,987
Printing	759	60	1,323	779	997	3,918
Dues and Subscriptions	-	-	-	2,671	-	2,671
Taxes and Licenses	-	-	-	765	-	765
Miscellaneous	-	-	-	632	-	632
Total	<u>\$ 1,254,423</u>	<u>\$ 16,945</u>	<u>\$ 230,367</u>	<u>\$ 174,548</u>	<u>\$ 309,290</u>	<u>\$ 1,985,573</u>

See accompanying Notes to Financial Statements.

**WASHINGTON APPLE EDUCATION FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023**

	Program Services				Fundraising	Total Expenses
	Scholarships	Farmworker and Industry Education	Beyond the Scholarship	Management and General		
Payroll	\$ 57,722	\$ 5,490	\$ 102,740	\$ 64,532	\$ 80,696	\$ 311,180
Payroll Taxes and Benefits	12,073	1,148	21,489	13,497	16,878	65,085
Total Personnel Costs	<u>69,795</u>	<u>6,638</u>	<u>124,229</u>	<u>78,029</u>	<u>97,574</u>	<u>376,265</u>
Scholarships and Student Assistance	1,058,294	-	55,260	-	-	1,113,554
Special Events	40,828	-	-	-	125,104	165,932
In-Kind	-	-	-	-	59,038	59,038
Professional Fees	-	-	-	39,677	-	39,677
Travel	3,347	318	5,958	3,742	4,680	18,045
Occupancy	3,153	300	5,611	3,525	4,407	16,996
Development	6,177	-	-	-	4,866	11,043
Office Supplies	1,743	166	3,103	1,949	2,437	9,398
Volunteer Appreciation	-	-	-	9,404	-	9,404
Professional Development	-	-	-	8,441	-	8,441
Insurance	1,453	138	2,586	1,625	2,032	7,834
Meetings	-	-	-	7,658	-	7,658
Repairs and Maintenance	1,071	102	1,906	1,197	1,497	5,773
Other Grants	-	5,597	-	-	-	5,597
Printing	973	93	1,732	1,088	1,361	5,247
Dues and Subscriptions	-	-	-	4,252	-	4,252
Bank Fees and Charges	-	-	-	4,199	-	4,199
Depreciation and Amortization	-	-	-	4,086	-	4,086
Recognition	3,471	-	-	-	-	3,471
Promotional	604	57	1,075	675	844	3,255
Taxes and Licenses	-	-	-	634	-	634
Miscellaneous	-	-	-	23	-	23
Total	<u>\$ 1,190,909</u>	<u>\$ 13,409</u>	<u>\$ 201,460</u>	<u>\$ 170,204</u>	<u>\$ 303,840</u>	<u>\$ 1,879,822</u>

See accompanying Notes to Financial Statements.

**WASHINGTON APPLE EDUCATION FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Donors and Events	\$ 1,886,936	\$1,704,211
Cash Paid to Suppliers, Employees, and Award Recipients	(1,932,977)	(1,797,909)
Interest and Dividends Received	131,999	115,819
Net Cash Provided by Operating Activities	85,958	22,121
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	190,000	230,000
Purchase of Investments	(318,272)	(286,490)
Purchase of Office Equipment	-	(4,887)
Net Cash Used by Investing Activities	(128,272)	(61,377)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of Finance Leases	(1,638)	(709)
DECREASE IN CASH AND CASH EQUIVALENTS	(43,952)	(39,965)
Cash and Cash Equivalents - Beginning of Year	242,503	282,468
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 198,551	\$ 242,503
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Changes in Net Assets	\$ 557,048	\$ 612,110.0
Noncash Income and Expenses:		
Net Change in Unrealized and Realized Gain on Investments	(446,760)	(587,361)
Depreciation and Amortization	3,987	4,086
Decrease (Increase) in Operating Assets:		
Promises to Give	(18,288)	(25,503)
Prepaid Expenses	(1,461)	(21,083)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(35,023)	(7,998)
Grants and Scholarships Payable	18,856	35,175
Accrued Liabilities	2,353	9,941
Deferred Revenue	5,246	2,754
Net Cash Provided by Operating Activities	\$ 85,958	\$ 22,121
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITY		
Funds Held for Others had the Following Investment Activity at December 31:		
Net Investment Return	\$ 416,042	\$ 540,178
Scholarships Paid	(157,137)	(140,963)
Net Change in Funds Held for Others	\$ 258,905	\$ 399,215

See accompanying Notes to Financial Statements.

**WASHINGTON APPLE EDUCATION FOUNDATION
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES
(CONTINUED)**

During the year ended December 31, 2023, the Foundation acquired right-of-use assets through financing lease obligations of \$8,768.

See accompanying Notes to Financial Statements.

**WASHINGTON APPLE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Washington Apple Education Foundation (the Foundation) is a nonprofit organization incorporated in 1994. The Foundation is the charity of Washington's tree fruit industry. Its mission is to impact lives through access to educational opportunities. The Foundation fulfills its mission by establishing and administering scholarship funds and providing year-round support for scholarship recipients in the form of encouragement and career development.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Under this method of accounting, support and revenue are recognized when earned and expenses are recognized when goods or services are received, whether paid or not.

Financial Statement Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions. Net assets of the Foundation are classified and reported as follows:

Net Assets Without Donor Restrictions – Bear no donor limitations. The use of these funds is determined by the Foundation's board of directors.

Net Assets With Donor Restrictions – Represent assets whose use by the Foundation is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of the board of directors pursuant to those stipulations. When a restriction expires, purpose restricted net assets are reclassified to net assets without donor restrictions or perpetually restricted net assets and reported in the statement of activities as net assets released from restrictions. Perpetually restricted net assets represent assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the board of directors.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents consists of cash on hand and amounts on deposit in bank accounts and highly liquid investments with maturities of three months or less at the date of acquisition. Cash in money market accounts with brokers or in investment pools are considered to be investments.

Office Equipment

Office equipment is stated at cost if purchased and at fair value at the date of contribution of assets donated to the Foundation. The Foundation capitalizes additions in excess of \$1,000 cost or fair value, if donated, and an estimated useful life of over one year. Assets are depreciated over their estimated useful lives ranging from 3 to 7 years using the straight-line method. Depreciation expense for the years ended December 31, 2024 and 2023, was \$2,233 and \$2,771, respectively.

**WASHINGTON APPLE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Promises to give represents amounts related to various fundraising efforts and are stated at net realizable value. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The allowance for uncollectible promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. An allowance is not considered necessary at December 31, 2024 and 2023.

Revenue Recognition and Contributions

The Foundation records unconditional contributions in accordance with the requirements of accounting principles generally accepted in the United States of America for nonprofit entities. The Foundation recognizes revenue for contributions (and grants considered to be contributions) based upon the presence or absence of donor-imposed conditions. For those contributions absent of donor-imposed conditions, revenues are recognized at the time the Foundation is notified of the contribution and that promise is verified, regardless of the timing of cash receipt. For contributions with donor-imposed conditions – that is, those with a measurable performance or other barrier and a right of return or release – revenues are recognized at the time the conditions are substantially met, regardless of the timing of cash receipt.

When a donor restriction expires, that is, when a stipulated time restriction ends, or the purpose of the restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

Investments

Investments in equity and fixed income securities with readily determinable market values are recorded at fair value. Investments in securities traded on organized securities exchanges are valued at the closing price on the last business day of the fiscal year; securities traded on the over-the-counter markets are valued at the last reported bid price. Securities are generally held in custodial investment accounts administered by certain financial institutions.

Investments are made according to the investment policies adopted by the Foundation's board of directors. These guidelines provide for investment in equities, fixed income, and other securities with performance measured against appropriate indices. Outside parties are contracted by the Foundation for the purpose of providing board education, investment management, evaluation of investment advisors, and compliance with investment policies.

**WASHINGTON APPLE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

The Foundation pools most of its funds in order to obtain greater investment leverage and more efficient administration. The allocation of income, realized and unrealized gains or losses from pooled investments, is calculated based on the average percentage share of each fund's balance in the pool.

Investments generally are exposed to various risks, such as interest rate, market, and credit risk. It is reasonably possible, given the level of risk associated with the investment that changes in the near term could materially affect the Foundation's account balances and the amounts reported in the financial statements.

Donated Investments

Donated investments are recorded at market value on the date acquired and are typically converted to cash immediately thereafter.

Grants and Scholarships

Grants and scholarships are approved by the board of directors of the Foundation in accordance with their respective bylaws and guidelines. Typically, grants and distributions are recorded in the financial statements when approved. However, grants and scholarships approved by the board of directors that are payable upon the performance of specified conditions by the grantee are not reflected as grants and scholarships payable in the statement of financial position until such time as those conditions are satisfied.

Funds Held for Others

Accounting standards establish standards for transactions in which a nonprofit organization accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to another entity that is specified by the donor. Accordingly, the funds are included in the Foundation's assets with an offsetting liability. Activities related to these funds do not affect the changes in net assets on the statement of activities and the statement of changes in net assets. These funds are further described in Note 4.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as contributions with donor restrictions.

Contributions of Nonfinancial Assets

The Foundation receives donated goods for the annual Hort Show raffle and auction. Contributed goods are recorded as contributions of nonfinancial assets and a corresponding expense. These contributions are recorded at an estimated fair value using vendor invoices or current price located on a publicly available website.

WASHINGTON APPLE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promotional Expenses

The Foundation expenses advertising costs as incurred. Advertising costs for the years ended December 31, 2024 and 2023, were \$4,955 and \$3,255, respectively.

Income Taxes

The Foundation is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC); therefore, no provision for income taxes has been made in the financial statements. The Foundation has also been classified as a publicly supported organization under Sections 509(a)(1) and 170(b)(1)(A)(vi) of the IRC.

The Foundation has not identified any uncertainty in income tax positions that would jeopardize the Foundation's status as a tax-exempt organization. The Foundation's tax returns are subject to review and examination by federal authorities.

Concentrations of Credit Risk

The Foundation maintains cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation (FDIC). At times, the balances in the accounts may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on its cash balances.

Funds held in money market accounts and classified as investments on the statements of financial position are not insured by the FDIC.

Leases

The Foundation determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statements of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on the statement of financial position.

ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Foundation uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option.

Lease expense for operating lease payments are recognized on a straight-line basis over the lease term. The Foundation has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

WASHINGTON APPLE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Foundation has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Foundation has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services that benefit from such costs. Costs are allocated to functional cost centers based upon the estimated time personnel devote to each cost center.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities 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.

Subsequent Events

In preparing these financial statements, Washington Apple Education Foundation has evaluated events and transactions for potential recognition or disclosure through May 13, 2025, the date the financial statements were available to be issued.

NOTE 2 FAIR VALUE INVESTMENTS

As defined in FASB Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures*, fair value is 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. Based on the observability of the inputs used in the valuation techniques, the Foundation is required to provide the following information according to the fair value hierarchy.

WASHINGTON APPLE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 2 FAIR VALUE INVESTMENTS (CONTINUED)

The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities. Level 2 includes U.S. treasury and federal agency securities and corporate and municipal bonds.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models, and similar techniques, and not based on market exchange, dealer, or broker traded transactions.

The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. The following tables present the fair value hierarchy for the balances of the assets of the Foundation measured at fair value on a recurring basis as of December 31:

	2024			
	Level 1	Level 2	Level 3	Total
Fixed Income	\$ 2,150,037	\$ -	\$ -	\$ 2,150,037
Equity	6,645,163	-	-	6,645,163
International Stock	924,206	-	-	924,206
Total	\$ 9,719,406	\$ -	\$ -	\$ 9,719,406
	2023			
	Level 1	Level 2	Level 3	Total
Fixed Income	\$ 2,137,096	\$ -	\$ -	\$ 2,137,096
Equity	5,857,307	-	-	5,857,307
International Stock	891,066	-	-	891,066
Total	\$ 8,885,469	\$ -	\$ -	\$ 8,885,469

At December 31, 2024 and 2023, \$4,014,380 and \$3,755,475, respectively, was included in Funds Held for Others. These amounts are included in the investment balances above.

Net investment return is reported on the statement of activities and changes in net assets and consists of interest and dividend income, realized and unrealized gains and losses, less external and internal investment expenses.

**WASHINGTON APPLE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 3 BOARD-DESIGNATED ASSETS

The board of directors has designated two funds within the Foundation's net assets without donor restrictions. The board-designated endowment fund was created from the proceeds of the 2003 Tree Fruit Cookbook. The board-designated scholarship fund was created to provide scholarship program support from net assets without donor restrictions. As of December 31 each year, 4% of the board-designated scholarship fund balance may be made available in the following year's budget for scholarships, scholarship program promotion and management, or other activities designated by the board of directors. Net revenues without donor restrictions that are earned each year should be allocated to the board-designated scholarship fund at year-end unless the board of directors provides alternative direction by way of a formal motion.

NOTE 4 FUNDS HELD FOR OTHERS

The funds held for others consist of the Auvil Fund. The Auvil Fund (the Fund) was set up at the Foundation in accordance with the wills of Lillie and Grady Auvil, on behalf of horticultural departments of Wenatchee Valley College and Washington State University. The Fund is held in perpetuity, in accordance with the wills. Income earned is distributed at least annually at a rate of 4% of the prior year Fund balance, for the purpose of scholarships and research at Wenatchee Valley College and Washington State University. A 5% administrative fee for scholarships paid from the Fund is also distributed to the Foundation. The total Fund balance was \$4,014,380 and \$3,755,475 as of December 31, 2024 and 2023, respectively, and distributions during those years were \$157,137 and \$140,963, respectively.

NOTE 5 ENDOWMENT FUNDS

The Foundation's endowment funds consist of funds established to provide ongoing support for farmworker education and operations. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Washington State Uniform Prudent Management of Institutional Funds Act

The Foundation follows the principles outlined in the Washington State Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Foundation's policies require the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Foundation classifies as net assets with perpetual donor restrictions (a) the original value of gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment, and (c) accumulations to the donor restricted endowment 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 in net assets with perpetual donor restrictions is classified as net assets with purpose donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the UPMIFA.

**WASHINGTON APPLE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 5 ENDOWMENT FUNDS (CONTINUED)

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (I) The duration and preservation of the endowment fund
- (II) The purposes of the Foundation and the endowment fund
- (III) General economic conditions
- (IV) The possible effect of inflation or deflation
- (V) The expected total return from income and the appreciation of investments
- (VI) Other resources of the Foundation
- (VII) The investment policy of the Foundation

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the total amount of gifts made to the endowment by the donor. There were no deficiencies of this nature as of December 31, 2024 and 2023.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved primarily through investment income as well as capital appreciation. The Foundation targets a diversified asset allocation that emphasizes quality when making bond and equity selections to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to the Spending Policy

The spending policy determines the amount of money in a given year that will be distributed from the Foundation's various endowment assets.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under these policies, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that, over time, will provide a real rate of return equal to the spending rate while assuming a reasonable level of investment risk.

Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment assets to grow at the rate of inflation. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

WASHINGTON APPLE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 5 ENDOWMENT FUNDS (CONTINUED)

Composition of the Foundation's endowment at December 31 was as follows:

	2024			
	Without Donor Restrictions	Purpose Restrictions	Perpetual Restrictions	Total
Board-Designated Endowment Funds	\$ 11,590	\$ -	\$ -	\$ 11,590
Donor-Restricted Endowment Funds	-	35,513	22,300	57,813
Total	\$ 11,590	\$ 35,513	\$ 22,300	\$ 69,403

	2023			
	Without Donor Restrictions	Purpose Restrictions	Perpetual Restrictions	Total
Board-Designated Endowment Funds	\$ 11,590	\$ -	\$ -	\$ 11,590
Donor-Restricted Endowment Funds	-	31,141	22,300	53,441
Total	\$ 11,590	\$ 31,141	\$ 22,300	\$ 65,031

Changes to endowment net assets for the years ended December 31 were as follows:

	2024			
	Without Donor Restrictions	Purpose Restrictions	Perpetual Restrictions	Total
Net Endowment Assets - December 31, 2023	\$ 11,590	\$ 31,141	\$ 22,300	\$ 65,031
Endowment Investment Return:				
Interest and Dividends, Net of Fees	-	1,346	-	1,346
Realized and Unrealized Gain	-	4,642	-	4,642
Scholarships	-	(1,616)	-	(1,616)
Net Endowment Assets - December 31, 2024	\$ 11,590	\$ 35,513	\$ 22,300	\$ 69,403

**WASHINGTON APPLE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 5 ENDOWMENT FUNDS (CONTINUED)

	2023			
	Without Donor Restrictions	Purpose Restrictions	Perpetual Restrictions	Total
Net Endowment Assets - December 31, 2022	\$ 11,590	\$ 23,732	\$ 22,300	\$ 57,622
Endowment Investment Return:				
Interest and Dividends Net of Fees	-	1,208	-	1,208
Realized and Unrealized Gain	-	6,201	-	6,201
Net Endowment Assets - December 31, 2023	\$ 11,590	\$ 31,141	\$ 22,300	\$ 65,031

NOTE 6 SPECIAL EVENTS

The Foundation records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. Total special events revenue reported on the statement of activities and changes in net assets for the years ended December 31, 2024 and 2023 was \$123,318 and \$123,694, respectively. Exchange and contribution elements of special event revenue were as follows at August 31, 2024 and 2023

Revenue and expenses from special events for December 31 were as follows:

	2024						
	Golf Tournament and Auction	Hort Show Raffle	Hort Show Auction	Scholarship Luncheon	Year of the Apple	License Plate	Total
Revenues	\$ 224,371	\$ 24,943	\$ 25,475	\$ 101,161	\$ 21,000	\$ 35,658	\$ 432,608
Direct Expenses	70,681	1,745	9,845	87,510	4,586	561	174,928
Net Proceeds	153,690	23,198	15,630	13,651	16,414	35,097	257,680
Allocated Expenses	69,854	7,727	7,892	31,338	6,505	11,046	134,362
Net Proceeds (Loss) After Allocated Expenses	\$ 83,836	\$ 15,471	\$ 7,738	\$ (17,687)	\$ 9,909	\$ 24,051	\$ 123,318

WASHINGTON APPLE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 6 SPECIAL EVENTS (CONTINUED)

	2023						
	Golf						
	Tournament and Auction	Hort Show Raffle	Hort Show Auction	Scholarship Luncheon	Year of the Apple	License Plate	Total
Revenues	\$ 226,440	\$ 25,100	\$ 25,856	\$ 88,940	\$ 21,006	\$ 33,467	\$ 420,809
Direct Expenses	64,705	1,811	6,692	81,655	5,627	1,041	161,531
Net Proceeds	161,735	23,289	19,164	7,285	15,379	32,426	259,278
Allocated Expenses	72,959	8,087	8,331	28,656	6,768	10,783	135,584
Net Proceeds (Loss) After Allocated Expenses	\$ 88,776	\$ 15,202	\$ 10,833	\$ (21,371)	\$ 8,611	\$ 21,643	\$ 123,694

NOTE 7 RETIREMENT PLAN

The Foundation adopted a SIMPLE IRA retirement plan on August 13, 2004. Eligible employees may contribute to the plan by requesting amounts be withheld from their salary and remitted to the plan by the Foundation. The Foundation matches employee contributions up to 3% of their compensation. Employer contributions were \$9,500 and \$8,662 for the years ended December 31, 2024 and 2023, respectively.

NOTE 8 LEASES

The Foundation leases equipment under a long-term lease agreement. The leases will expire in 2026. In the normal course of business, it is expected that the lease will be renewed or replaced by a similar lease.

The following table provides quantitative information concerning the Foundation's leases:

	2024	2023
Lease Cost:		
Finance Lease Costs:		
Amortization of Right-of-Use Assets	\$ 1,754	\$ 1,315
Interest on Lease Liabilities	285	252
Total Finance Lease Costs	2,039	1,567
Short-Term Lease Cost	16,830	16,996
Total Lease Cost	\$ 18,869	\$ 18,563
Other Information:		
Operating Cash Flows from Finance Leases	\$ 285	\$ 252
Financing Cash Flows from Finance Leases	\$ 1,638	\$ 709
Right-of-Use Assets Obtained in Exchange for		
New Finance Lease Liabilities	\$ -	\$ 8,768
Weighted-Average Remaining Lease		
Term - Finance Leases	3.4 years	4.4 years
Weighted-Average Discount Rate - Finance Leases	3.90%	3.90%

**WASHINGTON APPLE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 8 LEASES (CONTINUED)

A maturity analysis of annual undiscounted cash flows for lease liabilities is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 1,923
2026	1,923
2027	1,923
2028	<u>1,121</u>
Total Undiscounted Cash Flows	6,890
Imputed Interest	(469)
Total Present Value	<u><u>\$ 6,421</u></u>

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31 are available for the following uses:

	<u>2024</u>	<u>2023</u>
Purpose and Time Restrictions - Scholarship Funds	\$ 5,277,632	\$ 4,759,052
Purpose and Time Restrictions - Endowment, Scholarship Funds	<u>35,513</u>	<u>31,141</u>
Total Purpose and Time Restrictions	5,313,145	4,790,193
Perpetual in Nature:		
Farmworker Endowment	13,250	13,250
WAEF Endowment	<u>9,050</u>	<u>9,050</u>
Total Perpetual in Nature	22,300	22,300
Total Net Assets with Donor Restrictions	<u><u>\$ 5,335,445</u></u>	<u><u>\$ 4,812,493</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Satisfaction of Purpose Restrictions:		
Purpose and Time Restrictions - Scholarship Funds	\$ 1,159,257	\$ 1,110,224
Total	<u><u>\$ 1,159,257</u></u>	<u><u>\$ 1,110,224</u></u>

**WASHINGTON APPLE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 10 CONTRIBUTIONS OF NONFINANCIAL ASSETS

Contributed services which require specialized skills or enhanced nonfinancial assets, and donated goods received by the Foundation are recorded as contributions of nonfinancial assets and a corresponding expense. Facilities are valued at the fair rental value per square foot of similar venues. Food and nutrition is valued at \$1.50 per pound. Services and labor are valued at an applicable hourly rate depending on the skill level of the provider. Materials and supplies are valued at an estimated fair value using vendor invoices or current price located on a publicly available website. Included in materials and supplies are certain fundraising items that are valued by the donor and are monetized in certain fundraising events and auctions in the amount of \$58,638 and \$59,038 for years ended December 31, 2024 and 2023, respectively.

During the years ended December 31, 2024 and 2023, the Foundation received the following contributions of nonfinancial assets that have been reflected in the entity's financial statements:

	2024	2023
Donated Sprayer	\$ 35,202	\$ 35,202
Donated Auction Items	23,436	23,836
Total Contributions of Nonfinancial Assets	\$ 58,638	\$ 59,038

The Foundation recognized contributed nonfinancial assets within revenue. Contributed nonfinancial assets did not have donor-imposed restrictions for the years ended December 31, 2024 and 2023.

NOTE 11 RELATED PARTY TRANSACTIONS

During 2024 and 2023, approximately \$400,000 and \$475,000, respectively, was contributed to the Foundation by board members and the related companies that they work for. These amounts represent approximately 27% and 36% of all contributions for the years ended December 31, 2024 and 2023, respectively.

NOTE 12 LIQUIDITY AND AVAILABILITY

The Foundation receives approximately 75% of its annual contributions with donor restrictions primarily for the use of direct scholarships. A portion of these donations are to establish scholarship funds that will exist for several years or in perpetuity.

Operating needs of the Foundation, including funds for the management and organization of the scholarship program, are funded primarily by annual events. Such annual events include the golf tournaments located in Wenatchee and Yakima, the scholarship luncheon event, and annual raffle and auction. Operational and program support for students "beyond the scholarship" occur through donations, event surplus, and a 5% administrative charge to all scholarships.

**WASHINGTON APPLE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 12 LIQUIDITY AND AVAILABILITY (CONTINUED)

The Foundation manages its cash available to meet annual expenses according to the following guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that operating commitments and obligations made to ensure sound management of endowment and quasi-endowment funds will continue to be met.

The Foundation's Scholarship Committee meets in April to award annual scholarships. At that time, the Foundation is able to estimate the amount of cash required to make scholarship payments and operational needs for the current year. If funds are needed to meet these commitments, assets will be withdrawn from the Foundation's invested funds held at Vanguard and transferred to the primary bank account.

The table below presents financial assets available for general expenditures within one year at December 31:

	2024	2023
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 198,551	\$ 242,503
Promises to Give	64,241	45,953
Investments	9,719,406	8,885,469
Total Financial Assets	9,982,198	9,173,925
Less: Amounts Not Available to be Used Within One Year:		
Investments Held for Others	(4,014,380)	(3,755,475)
Net Assets With Donor Restrictions	(5,335,445)	(4,812,493)
Total Amounts Not Available to be Used Within One Year	(9,349,825)	(8,567,968)
Financial Assets Available to Meet General Expenditures Within One Year	\$ 632,373	\$ 605,957



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