

**WASHINGTON APPLE EDUCATION FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**



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**WASHINGTON APPLE EDUCATION FOUNDATION
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YEARS ENDED DECEMBER 31, 2025 AND 2024**

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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 financial statements of Washington Apple Education Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, 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 accompanying financial statements present fairly, in all material respects, the financial position of Washington Apple Education Foundation as of December 31, 2025 and 2024, 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 within one year after the date that 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

Spokane, Washington
May 15, 2026

WASHINGTON APPLE EDUCATION FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

| | 2025 | 2024 |
|---|---------------|---------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 551,040 | \$ 198,551 |
| Promises to Give | 314,455 | 64,241 |
| Prepaid Expenses | 6,974 | 23,000 |
| Total Current Assets | 872,469 | 285,792 |
| EQUIPMENT | | |
| Office Equipment | 14,524 | 55,836 |
| Accumulated Depreciation | (12,251) | (50,459) |
| Total Equipment | 2,273 | 5,377 |
| INVESTMENTS | | |
| Investments | 11,064,333 | 9,719,406 |
| RIGHT-OF-USE ASSETS | | |
| Right-of-Use Asset - Finance | 8,768 | 8,768 |
| Accumulated Amortization | (4,823) | (3,069) |
| Total Right-of-Use Asset | 3,945 | 5,699 |
| Total Assets | \$ 11,943,020 | \$ 10,016,274 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 14,573 | \$ 13,962 |
| Grants and Scholarships Payable | 81,915 | 94,491 |
| Accrued Liabilities | 8,799 | 22,116 |
| Deferred Revenue | 37,150 | 33,500 |
| Current Portion of Finance Lease Obligations | 1,770 | 1,703 |
| Total Current Liabilities | 144,207 | 165,772 |
| NONCURRENT LIABILITIES | | |
| Finance Lease Obligations, Net of Current Portion | 2,948 | 4,718 |
| FUNDS HELD FOR OTHERS | | |
| | 4,471,386 | 4,014,380 |
| NET ASSETS | | |
| Without Donor Restrictions | | |
| Board-Designated Endowment | 11,590 | 11,590 |
| Board-Designated Scholarship Reserve | 150,000 | 184,369 |
| Total Net Assets Without Donor Restrictions | 651,084 | 300,000 |
| With Donor Restrictions | | |
| Purpose Restrictions | 6,339,505 | 5,313,145 |
| Perpetual Restrictions | 172,300 | 22,300 |
| Total Net Assets With Donor Restrictions | 6,511,805 | 5,335,445 |
| Total Net Assets | 7,324,479 | 5,831,404 |
| Total Liabilities and Net Assets | \$ 11,943,020 | \$ 10,016,274 |

See accompanying Notes to Financial Statements.

**WASHINGTON APPLE EDUCATION FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------------|
| SUPPORT AND REVENUES | | | |
| Contributions | \$ 577,381 | \$ 1,472,178 | \$ 2,049,559 |
| Gross Special Events Revenue | | | |
| Ticket Sales and Auction | 430,518 | - | 430,518 |
| Contributions of Nonfinancial Assets | 60,735 | - | 60,735 |
| Less: Cost of Direct Benefits to Donors | (217,960) | - | (217,960) |
| Net Special Events Revenue | 273,293 | - | 273,293 |
| Net Investment Return | 93,334 | 845,240 | 938,574 |
| Loss on Disposal of Assets | (870) | - | (870) |
| Net Assets Released from Restrictions | 1,141,058 | (1,141,058) | - |
| Total Support and Revenues | 2,084,196 | 1,176,360 | 3,260,556 |
| EXPENSES | | | |
| Scholarships | 1,217,268 | - | 1,217,268 |
| Farmworker and Industry Education | 29,854 | - | 29,854 |
| Beyond the Scholarship | 195,513 | - | 195,513 |
| Management and General | 226,918 | - | 226,918 |
| Fundraising | 97,928 | - | 97,928 |
| Total Expenses | 1,767,481 | - | 1,767,481 |
| CHANGES IN NET ASSETS | \$ 316,715 | \$ 1,176,360 | \$ 1,493,075 |

See accompanying Notes to Financial Statements.

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

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|-----------------------|
| SUPPORT AND REVENUES | | | |
| Contributions | \$ 313,903 | \$ 1,158,713 | \$ 1,472,616 |
| Gross Special Events Revenue | | | |
| Ticket Sales and Auction | 432,608 | - | 432,608 |
| Contributions of Nonfinancial Assets | 58,638 | - | 58,638 |
| Less: Cost of Direct Benefits to Donors | <u>(231,192)</u> | <u>-</u> | <u>(231,192)</u> |
| Net Special Events Revenue | 260,054 | - | 260,054 |
| Contributions of Nonfinancial Assets | | | |
| Net Investment Return | 55,263 | 523,496 | 578,759 |
| Net Assets Released from Restrictions | <u>1,159,257</u> | <u>(1,159,257)</u> | <u>-</u> |
| Total Support and Revenues | <u>1,788,477</u> | <u>522,952</u> | <u>2,311,429</u> |
| EXPENSES | | | |
| Scholarships | 1,210,668 | - | 1,210,668 |
| Farmworker and Industry Education | 16,945 | - | 16,945 |
| Beyond the Scholarship | 230,367 | - | 230,367 |
| Management and General | 174,548 | - | 174,548 |
| Fundraising | <u>121,853</u> | <u>-</u> | <u>121,853</u> |
| Total Expenses | <u>1,754,381</u> | <u>-</u> | <u>1,754,381</u> |
| CHANGES IN NET ASSETS | <u>\$ 34,096</u> | <u>\$ 522,952</u> | <u>\$ 557,048</u> |

See accompanying Notes to Financial Statements.

**WASHINGTON APPLE EDUCATION FOUNDATION
STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

| | <u>Without Donor Restrictions</u> | <u>Purpose Restrictions</u> | <u>Perpetual Restrictions</u> | <u>Total</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 | 495,959 | 5,313,145 | 22,300 | 5,831,404 |
| Changes in Net Assets | <u>316,715</u> | <u>1,026,360</u> | <u>150,000</u> | <u>1,493,075</u> |
| BALANCE - DECEMBER 31, 2025 | <u>\$ 812,674</u> | <u>\$ 6,339,505</u> | <u>\$ 172,300</u> | <u>\$ 7,324,479</u> |

See accompanying Notes to Financial Statements.

**WASHINGTON APPLE EDUCATION FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2025**

| | Program Services | | | Management and General | Fundraising | Cost of Direct Benefit to Donors | Total Expenses |
|--|---------------------|---|------------------------------|---------------------------|------------------|--|---------------------|
| | Scholarships | Farmworker and Industry Education | Beyond the Scholarship | | | | |
| Payroll | \$ 69,431 | \$ 3,483 | \$ 99,747 | \$ 102,662 | \$ 65,105 | \$ - | \$ 340,428 |
| Payroll Taxes and Benefits | 13,227 | 664 | 19,002 | 19,557 | 12,403 | - | 64,853 |
| Total Personnel Costs | <u>82,658</u> | <u>4,147</u> | <u>118,749</u> | <u>122,219</u> | <u>77,508</u> | <u>-</u> | <u>405,281</u> |
| Scholarships and Student Assistance | 1,099,108 | - | 55,602 | - | - | - | 1,154,710 |
| Meals and Entertainment | 38,718 | - | - | - | - | 155,409 | 194,127 |
| Professional Fees | - | - | - | 57,051 | - | - | 57,051 |
| Other Grants | - | 24,967 | - | - | - | - | 24,967 |
| Recognition | 18,944 | - | - | - | - | - | 18,944 |
| Occupancy | 3,204 | 161 | 4,603 | 4,738 | 3,005 | - | 15,711 |
| Insurance | 2,501 | 125 | 3,593 | 3,698 | 2,345 | - | 12,262 |
| Repairs and Maintenance | 2,363 | 119 | 3,395 | 3,494 | 2,216 | - | 11,587 |
| Office Supplies | 1,984 | 100 | 2,851 | 2,934 | 1,861 | - | 9,730 |
| Travel | 1,940 | 97 | 2,787 | 2,869 | 1,819 | - | 9,512 |
| Development | 1,828 | - | - | - | 6,606 | - | 8,434 |
| Promotional | 1,628 | 82 | 2,339 | 2,408 | 1,527 | - | 7,984 |
| Dues and Subscriptions | - | - | - | 6,667 | - | - | 6,667 |
| Professional Development | - | - | - | 5,101 | - | - | 5,101 |
| Bank Fees and Charges | - | - | - | 4,731 | - | - | 4,731 |
| Meetings | - | - | - | 4,072 | - | - | 4,072 |
| Depreciation and Amortization | - | - | - | 3,988 | - | - | 3,988 |
| Volunteer Appreciation | 672 | 34 | 965 | 994 | 630 | - | 3,295 |
| Printing | 438 | 22 | 629 | 647 | 411 | - | 2,147 |
| Taxes and Licenses | - | - | - | 184 | - | - | 184 |
| Miscellaneous | - | - | - | 1,123 | - | 23,833 | 24,956 |
| Total Expenses by Function | <u>\$ 1,255,986</u> | <u>\$ 29,854</u> | <u>\$ 195,513</u> | <u>\$ 226,918</u> | <u>\$ 97,928</u> | <u>\$ 179,242</u> | <u>\$ 1,985,441</u> |
| Less: Expenses Included with Revenues on the Statement of Activities: | | | | | | | |
| Cost of Direct Benefit to Donors | <u>(38,718)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(179,242)</u> | <u>(217,960)</u> |
| Total Expenses Included in the Expense Section on the Statement of Activities | <u>\$ 1,217,268</u> | <u>\$ 29,854</u> | <u>\$ 195,513</u> | <u>\$ 226,918</u> | <u>\$ 97,928</u> | <u>\$ -</u> | <u>\$ 1,767,481</u> |

See accompanying Notes to Financial Statements.

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

| | Program Services | | | Management and General | Fundraising | Cost of Direct Benefit to Donors | Total Expenses |
|--|---------------------|---|------------------------------|---------------------------|-------------------|--|---------------------|
| | Scholarships | Farmworker and Industry Education | Beyond the Scholarship | | | | |
| 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>-</u> | <u>394,801</u> |
| Scholarships and Student Assistance | 1,104,824 | - | 74,397 | - | - | - | 1,179,221 |
| Meals and Entertainment | 43,755 | - | - | - | - | 174,291 | 218,046 |
| 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 | - | 13,146 | 13,778 |
| Total Expenses by Function | <u>\$ 1,254,423</u> | <u>\$ 16,945</u> | <u>\$ 230,367</u> | <u>\$ 174,548</u> | <u>\$ 121,853</u> | <u>\$ 187,437</u> | <u>\$ 1,985,573</u> |
| Less: Expenses Included with Revenues on the Statement of Activities: | | | | | | | |
| Cost of Direct Benefit to Donors | (43,755) | - | - | - | - | (187,437) | (231,192) |
| Total Expenses Included in the Expense Section on the Statement of Activities | <u>\$ 1,210,668</u> | <u>\$ 16,945</u> | <u>\$ 230,367</u> | <u>\$ 174,548</u> | <u>\$ 121,853</u> | <u>\$ -</u> | <u>\$ 1,754,381</u> |

See accompanying Notes to Financial Statements.

**WASHINGTON APPLE EDUCATION FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

| | 2025 | 2024 |
|---|--------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash Received from Donors and Events | \$ 2,011,903 | \$1,886,936 |
| Cash Paid to Suppliers, Employees, and Award Recipients | (1,708,364) | (1,932,977) |
| Interest and Dividends Received | 151,228 | 131,999 |
| Net Cash Provided by Operating Activities | 454,767 | 85,958 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from Sale of Investments | 721,149 | 190,000 |
| Purchase of Investments | (821,724) | (318,272) |
| Net Cash Used by Investing Activities | (100,575) | (128,272) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payments of Finance Leases | (1,703) | (1,638) |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 352,489 | (43,952) |
| Cash and Cash Equivalents - Beginning of Year | 198,551 | 242,503 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 551,040 | \$ 198,551 |
| RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Changes in Net Assets | \$ 1,493,075 | \$ 557,048 |
| Noncash Income and Expenses: | | |
| Net Change in Unrealized and Realized Gain on Investments | (787,346) | (446,760) |
| Depreciation and Amortization | 3,988 | 3,987 |
| Loss on Disposal of Assets | 870 | - |
| (Increase) Decrease in Operating Assets: | | |
| Promises to Give | (250,214) | (18,288) |
| Prepaid Expenses | 16,026 | (1,461) |
| Increase (Decrease) in Operating Liabilities: | | |
| Accounts Payable | 611 | (35,023) |
| Grants and Scholarships Payable | (12,576) | 18,856 |
| Accrued Liabilities | (13,317) | 2,353 |
| Deferred Revenue | 3,650 | 5,246 |
| Net Cash Provided by Operating Activities | \$ 454,767 | \$ 85,958 |
| SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITY | | |
| Funds Held for Others had the Following Investment Activity at December 31: | | |
| Net Investment Return | \$ 635,861 | \$ 416,042 |
| Scholarships Paid | (178,855) | (157,137) |
| Net Change in Funds Held for Others | \$ 457,006 | \$ 258,905 |

See accompanying Notes to Financial Statements.

**WASHINGTON APPLE EDUCATION FOUNDATION
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2025 AND 2024**

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES (CONTINUED)

During the year ended December 31, 2025, Washington Apple Education Foundation disposed of assets with cost basis of \$41,312 and accumulated depreciation of \$40,442.

See accompanying Notes to Financial Statements.

**WASHINGTON APPLE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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 \$5,000 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 three to seven years using the straight-line method. Depreciation expense for the years ended December 31, 2025 and 2024, was \$2,234 and \$2,233, respectively.

**WASHINGTON APPLE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Promises to give represent 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, 2025 and 2024.

Revenue and Revenue Recognition

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.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. We recognize special events revenue equal to the fair value of direct benefits to donors when the special event takes place. We recognize the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

Investments

Investments in mutual fund and equity 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.

**WASHINGTON APPLE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

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.

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 investments, 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.

WASHINGTON APPLE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Promotional Expenses

The Foundation expenses advertising costs as incurred. Advertising costs for the years ended December 31, 2025 and 2024, were \$7,984 and \$4,955, 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. As of December 31, 2025 and 2024, cash exceeded federally insured limits by \$309,410 and \$-0-, respectively. 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.

**WASHINGTON APPLE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

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.

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.

Reclassifications

Certain amounts in the 2024 financial statements have been reclassified to conform to current year presentation, with no change to prior year changes in net assets.

**WASHINGTON APPLE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revisions

Certain revisions of amounts previously reported have been made to the accompanying financial statements. In Note 12 of the financial statements, the disclosure of the financial assets available to meet general expenditures for the prior year has been revised to \$136,414. The revision had no impact on previously reported net assets.

Subsequent Events

In preparing these financial statements, Washington Apple Education Foundation has evaluated events and transactions for potential recognition or disclosure through May 15, 2026, the date the financial statements were available to be issued.

NOTE 2 FAIR VALUE INVESTMENTS

As defined in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 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.

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.

**WASHINGTON APPLE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 2 FAIR VALUE INVESTMENTS (CONTINUED)

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:

| | 2025 | | | Total |
|---------------------|---------------|---------|---------|---------------|
| | Level 1 | Level 2 | Level 3 | |
| Equity Securities | \$ 97,696 | \$ - | \$ - | \$ 97,696 |
| Mutual Funds | | | | |
| Fixed Income | 2,613,573 | - | - | 2,613,573 |
| Equity | 7,349,533 | - | - | 7,349,533 |
| International Stock | 1,003,531 | - | - | 1,003,531 |
| Total | \$ 11,064,333 | \$ - | \$ - | \$ 11,064,333 |
| | | | | |
| | 2024 | | | Total |
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual Funds | | | | |
| 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 |

At December 31, 2025 and 2024, \$4,471,386 and \$4,014,380, 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.

NOTE 3 BOARD-DESIGNATED ASSETS

The board of directors has designated three 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. During 2025, the board-designated scholarship fund policy was revised. As a result of the revision, at December 31, 2025, the board-designated scholarship fund consists of funds designated for the Victor F. Velleca Wish List scholarship fund.

**WASHINGTON APPLE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 3 BOARD-DESIGNATED ASSETS (CONTINUED)

The board designated reserve is to cover average unrestricted expenditures for a minimum of six months and up to a maximum of twelve months. This reserve provides a safeguard to fulfill student commitments, sustain operations, and navigate fluctuations in revenue or unforeseen expenses. The reserve balance was \$651,084 and \$300,000, at December 31, 2025 and 2024, respectively. Such designations are not considered legal restrictions.

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. An administrative fee of 6% and 5% for scholarships paid from the Fund is also distributed to the Foundation for the years ended December 31, 2025 and 2024, respectively. The total Fund balance was \$4,471,386 and \$4,014,380 as of December 31, 2025 and 2024, respectively, and distributions during those years were \$178,855 and \$157,137, 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, 2025 AND 2024**

NOTE 5 ENDOWMENT FUNDS (CONTINUED)

Washington State Uniform Prudent Management of Institutional Funds Act (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, 2025 and 2024.

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, 2025 AND 2024**

NOTE 5 ENDOWMENT FUNDS (CONTINUED)

**Spending Policy and How the Investment Objectives Relate to the Spending Policy
(Continued)**

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

| | 2025 | | | Total |
|-------------------------------------|-------------------------------|-------------------------|---------------------------|-------------------|
| | Without Donor Restrictions | Purpose Restrictions | Perpetual Restrictions | |
| Board-Designated Endowment Funds | \$ 11,590 | \$ - | \$ - | \$ 11,590 |
| Donor-Restricted Endowment Funds | - | 43,490 | 172,300 | 215,790 |
| Total | <u>\$ 11,590</u> | <u>\$ 43,490</u> | <u>\$ 172,300</u> | <u>\$ 227,380</u> |

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

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

| | 2025 | | | Total |
|---|-------------------------------|-------------------------|---------------------------|-------------------|
| | Without Donor Restrictions | Purpose Restrictions | Perpetual Restrictions | |
| Net Endowment Assets - December 31, 2024 | \$ 11,590 | \$ 35,513 | \$ 22,300 | \$ 69,403 |
| Endowment Investment Return: | | | | |
| Interest and Dividends, Net of Fees | - | 1,498 | - | 1,498 |
| Realized and Unrealized Gain | - | 7,963 | - | 7,963 |
| Contributions | - | - | 150,000 | 150,000 |
| Scholarships | - | (1,484) | - | (1,484) |
| Net Endowment Assets - December 31, 2025 | <u>\$ 11,590</u> | <u>\$ 43,490</u> | <u>\$ 172,300</u> | <u>\$ 227,380</u> |

**WASHINGTON APPLE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 5 ENDOWMENT FUNDS (CONTINUED)

**Spending Policy and How the Investment Objectives Relate to the Spending Policy
(Continued)**

| | 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 | <u>\$ 11,590</u> | <u>\$ 35,513</u> | <u>\$ 22,300</u> | <u>\$ 69,403</u> |

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.

Contribution and exchange revenue, and expenses from special events for December 31 were as follows:

| | 2025 | | | | | | Total |
|--|-----------------------------------|---------------------|----------------------|-------------------------|----------------------|------------------|-------------------|
| | Golf Tournament and Auction | Hort Show Raffle | Hort Show Auction | Scholarship Luncheon | Year of the Apple | License Plate | |
| Exchange Revenue | \$ 224,534 | \$ 23,250 | \$ 20,699 | \$ 101,125 | \$ 21,000 | \$ 39,910 | \$ 430,518 |
| Contribution Revenue | - | 35,202 | 25,533 | - | - | - | 60,735 |
| Total Revenue | 224,534 | 58,452 | 46,232 | 101,125 | 21,000 | 39,910 | 491,253 |
| Direct Expenses | 67,526 | 36,884 | 32,005 | 77,435 | 4,049 | 61 | 217,960 |
| Net Proceeds | 157,008 | 21,568 | 14,227 | 23,690 | 16,951 | 39,849 | 273,293 |
| Allocated Expenses | 25,975 | 6,762 | 5,348 | 11,699 | 2,429 | 4,617 | 56,830 |
| Net Proceeds After Allocated Expenses | <u>\$ 131,033</u> | <u>\$ 14,806</u> | <u>\$ 8,879</u> | <u>\$ 11,991</u> | <u>\$ 14,522</u> | <u>\$ 35,232</u> | <u>\$ 216,463</u> |

WASHINGTON APPLE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 6 SPECIAL EVENTS (CONTINUED)

| | 2024 | | | | | | |
|---|---------------------------|---------------------|----------------------|-------------------------|----------------------|------------------|------------|
| | Golf | | | | | | |
| | Tournament and Auction | Hort Show Raffle | Hort Show Auction | Scholarship Luncheon | Year of the Apple | License Plate | Total |
| Exchange Revenue | \$ 224,371 | \$ 24,943 | \$ 25,475 | \$ 101,161 | \$ 21,000 | \$ 35,658 | \$ 432,608 |
| Contribution Revenue | - | 35,202 | 23,436 | - | - | - | 58,638 |
| Total Revenue | 224,371 | 60,145 | 48,911 | 101,161 | 21,000 | 35,658 | 491,246 |
| Direct Expenses | 70,681 | 36,947 | 33,281 | 87,510 | 4,586 | 561 | 233,566 |
| Net Proceeds | 153,690 | 23,198 | 15,630 | 13,651 | 16,414 | 35,097 | 257,680 |
| Allocated Expenses | 42,672 | 11,439 | 9,302 | 19,239 | 3,994 | 6,782 | 93,428 |
| Net Proceeds (Loss) After Allocated Expenses | \$ 111,018 | \$ 11,759 | \$ 6,328 | \$ (5,588) | \$ 12,420 | \$ 28,315 | \$ 164,252 |

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 \$10,020 and \$9,500 for the years ended December 31, 2025 and 2024, respectively.

NOTE 8 LEASES

The Foundation leases equipment under a long-term lease agreement. The leases will expire in 2028. 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:

| | 2025 | 2024 |
|---|-----------|-----------|
| Lease Cost: | | |
| Finance Lease Costs: | | |
| Amortization of Right-of-Use Assets | \$ 1,754 | \$ 1,754 |
| Interest on Lease Liabilities | 220 | 285 |
| Total Finance Lease Costs | 1,974 | 2,039 |
| Short-Term Lease Cost | 15,711 | 16,830 |
| Total Lease Cost | \$ 17,685 | \$ 18,869 |
| Other Information: | | |
| Operating Cash Flows from Finance Leases | \$ 220 | \$ 285 |
| Financing Cash Flows from Finance Leases | \$ 1,703 | \$ 1,638 |
| Weighted-Average Remaining Lease Term - Finance Leases | 2.4 Years | 3.4 Years |
| Weighted-Average Discount Rate - Finance Leases | 3.90% | 3.90% |

**WASHINGTON APPLE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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> |
|---------------------------------|------------------------|
| 2026 | \$ 1,923 |
| 2027 | 1,923 |
| 2028 | 1,121 |
| Total Undiscounted Cash Flows | <u>4,967</u> |
| Imputed Interest | (249) |
| Total Present Value | <u><u>\$ 4,718</u></u> |

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

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

| | <u>2025</u> | <u>2024</u> |
|---|----------------------------|----------------------------|
| Purpose and Time Restrictions - Scholarship Funds | \$ 6,296,015 | \$ 5,277,632 |
| Purpose and Time Restrictions - Endowment, Scholarship Funds | 43,490 | 35,513 |
| Total Purpose and Time Restrictions | <u>6,339,505</u> | <u>5,313,145</u> |
| Perpetual in Nature | | |
| Farmworker Endowment | 13,250 | 13,250 |
| WAEF Endowment | 9,050 | 9,050 |
| Memorial Scholarship Endowment | 150,000 | - |
| Total Perpetual in Nature | <u>172,300</u> | <u>22,300</u> |
| Total Net Assets With Donor Restrictions | <u><u>\$ 6,511,805</u></u> | <u><u>\$ 5,335,445</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>2025</u> | <u>2024</u> |
|---|----------------------------|----------------------------|
| Satisfaction of Purpose Restrictions | | |
| Purpose and Time Restrictions - Scholarship Funds | \$ 1,141,058 | \$ 1,159,257 |
| Total | <u><u>\$ 1,141,058</u></u> | <u><u>\$ 1,159,257</u></u> |

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. 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 \$60,735 and \$58,638 for years ended December 31, 2025 and 2024, respectively.

**WASHINGTON APPLE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 10 CONTRIBUTIONS OF NONFINANCIAL ASSETS (CONTINUED)

During the years ended December 31, 2025 and 2024, the Foundation received the following contributions of nonfinancial assets that have been reflected in the entity's financial statements:

| | 2025 | 2024 |
|--|-----------|-----------|
| Donated Sprayer | \$ 35,202 | \$ 35,202 |
| Donated Auction Items | 25,533 | 23,436 |
| Total Contributions of Nonfinancial Assets | \$ 60,735 | \$ 58,638 |

The Foundation recognized contributed nonfinancial assets within revenue. Contributed nonfinancial assets did not have donor-imposed restrictions for the years ended December 31, 2025 and 2024.

NOTE 11 RELATED PARTY TRANSACTIONS

During 2025 and 2024, approximately \$542,000 and \$400,000, respectively, was contributed to the Foundation by management, board members and the related companies that they work for. These amounts represent approximately 26% and 27% of all contributions for the years ended December 31, 2025 and 2024, 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 6% administrative charge to all scholarships.

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.

**WASHINGTON APPLE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 12 LIQUIDITY AND AVAILABILITY (CONTINUED)

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:

| | 2025 | 2024 |
|--|--------------|-------------|
| Financial Assets at Year-End: | | |
| Cash and Cash Equivalents | \$ 551,040 | \$ 198,551 |
| Promises to Give | 314,455 | 64,241 |
| Investments | 11,064,333 | 9,719,406 |
| Total Financial Assets | 11,929,828 | 9,982,198 |
| Less: Amounts Not Available to be Used Within One Year: | | |
| Investments Held for Others | (4,471,386) | (4,014,380) |
| Net Assets With Donor Restrictions | (6,511,805) | (5,335,445) |
| Net Assets With Board Designations | (812,674) | (495,959) |
| Total Amounts Not Available to be Used Within One Year | (11,795,865) | (9,845,784) |
| Financial Assets Available to Meet General Expenditures Within One Year | \$ 133,963 | \$ 136,414 |



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