
THE BLOEDEL RESERVE

Financial Statements

For the Year Ended December 31, 2024

(With summarized comparative totals as of and for the year ended December 31, 2023)

THE BLOEDEL RESERVE
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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
The Bloedel Reserve
Bainbridge Island, WA 98110

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Bloedel Reserve, a nonprofit organization, which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year 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 the Bloedel Reserve as of December 31, 2024, and the changes in net asset and its cash flow for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Prior Period Financial Statements

The 2023 financial statements were reviewed by other accountants, and their report thereon, dated July 30, 2023, stated they were not aware of any material modifications that should be made to those financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

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 the Bloedel Reserve's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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



Montesano, WA
April 28, 2025

FINANCIAL STATEMENTS

THE BLOEDEL RESERVE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024

(With summarized comparative totals as of December 31, 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 2,007,653	\$ 2,206,170
Certificate of deposits	118,563	217,104
Pledges and accounts receivable	126,877	124,497
Investments-main	21,783,764	21,142,966
Investment-Capital	420,348	385,533
Inventory	56,929	60,038
Prepaid expenses	45,298	4,306
Property and equipment, net	4,123,210	4,173,436
Artwork	53,159	53,159
Antique furniture	11,327	11,327
Endowment investments	<u>4,407,756</u>	<u>4,228,750</u>
Total assets	<u>33,154,884</u>	<u>32,607,285</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	87,147	139,632
Accrued liabilities	151,648	137,774
Deferred memberships	183,271	247,766
Other deferred revenues	<u>137,525</u>	<u>161,663</u>
Total liabilities	<u>559,591</u>	<u>686,835</u>
NET ASSETS		
Without donor restrictions	26,867,966	26,309,228
With donor restrictions:		
Purpose and time restricted properties	175,000	175,000
Purpose restricted - capital and programs	1,144,571	1,207,473
Unappropriated endowment earnings	1,064,956	885,949
Perpetual in nature (CR endowment)	716,045	716,045
Perpetual in nature (RAB endowment)	<u>2,626,755</u>	<u>2,626,755</u>
Total net assets	<u>32,595,293</u>	<u>31,920,450</u>
Total liabilities and net assets	<u><u>\$ 33,154,884</u></u>	<u><u>\$ 32,607,285</u></u>

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

THE BLOEDEL RESERVE
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSET
YEAR ENDED DECEMBER 31, 2024
(With summarized comparative totals for the year ended December 31, 2023)

	<u>2024</u>			<u>2023</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Public Support				
Contributions	\$ 423,050	\$ 105,532	\$ 528,582	\$ 758,510
Grants	96,433	-	96,433	111,037
Special events	312,129	402,540	714,669	569,110
Creative residency	-	-	-	5,000
Donated in-kind services	<u>12,731</u>	<u>-</u>	<u>12,731</u>	<u>7,068</u>
Total Public Support	<u>844,343</u>	<u>508,072</u>	<u>1,352,415</u>	<u>1,450,725</u>
Revenues				
Membership fees	448,861	-	448,861	368,102
Admissions	930,719	-	930,719	890,738
Facilities rental	41,822	-	41,822	75,000
Retail Sales	209,864	-	209,864	247,978
Less: cost of sale	(118,028)	-	(118,028)	(125,031)
Program income	39,990	-	39,990	15,109
Miscellaneous income	<u>9,825</u>	<u>-</u>	<u>9,825</u>	<u>6,392</u>
Total Revenues	<u>1,563,053</u>	<u>-</u>	<u>1,563,053</u>	<u>1,478,288</u>
Investment Income				
Interest income - banks	66,901	-	66,901	72,315
Investment income (Net of fees)	685,678	-	685,678	627,334
Net realized gain/ (loss)	742,092	-	742,092	377,885
Net unrealized gain/ (loss)	<u>812,065</u>	<u>-</u>	<u>812,065</u>	<u>2,350,324</u>
Total Investment Income	<u>2,306,736</u>	<u>-</u>	<u>2,306,736</u>	<u>3,427,857</u>
Released from Restrictions				
Satisfaction of donors' restrictions-programs	40,704	(40,704)	-	-
Satisfaction of donor restrictions-RAB endowment	182,829	(182,829)	-	-
Satisfaction of donors' restrictions-capital projects	<u>168,434</u>	<u>(168,434)</u>	<u>-</u>	<u>-</u>
Total released from restrictions	<u>391,967</u>	<u>(391,967)</u>	<u>-</u>	<u>-</u>
Total Public Support, Revenues, and Investment Income	<u>5,106,099</u>	<u>116,105</u>	<u>5,222,204</u>	<u>6,356,870</u>

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

THE BLOEDEL RESERVE
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSET
YEAR ENDED DECEMBER 31, 2024
(With summarized comparative totals for the year ended December 31, 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Expenses				
Program services	3,708,884	-	3,708,884	3,652,100
Management and general	406,650	-	406,650	400,159
Fundraising	<u>431,827</u>	<u>-</u>	<u>431,827</u>	<u>462,742</u>
Total Expenses	<u>4,547,361</u>	<u>-</u>	<u>4,547,361</u>	<u>4,515,001</u>
Change in net assets	558,738	116,105	674,843	1,841,868
Net assets, beginning of year	<u>26,309,228</u>	<u>5,611,222</u>	<u>31,920,450</u>	<u>30,078,582</u>
Net assets, end of year	<u><u>\$ 26,867,966</u></u>	<u><u>\$ 5,727,327</u></u>	<u><u>\$ 32,595,293</u></u>	<u><u>\$ 31,920,450</u></u>

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

THE BLOEDEL RESERVE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

(With summarized comparative totals for the year ended December 31, 2023)

	Program Services			Fundraising			Management and General	Total
	Other Program Services	Gift Shop Program	Total Program Services	Fundraising	Garden Party	Total Fundraising		
Salaries and wages	\$ 2,230,213	\$ -	\$ 2,230,213	\$ 135,194	\$ -	\$ 135,194	\$ 275,912	\$ 2,641,319
Retirement plan 401(k)	73,005	-	73,005	4,425	-	4,425	9,032	86,462
Industrial insurance	24,680	-	24,680	1,496	-	1,496	3,053	29,229
Payroll taxes	180,215	-	180,215	10,925	-	10,925	22,295	213,435
Health benefits	281,160	-	281,160	17,044	-	17,044	34,784	332,988
Total personnel expenses	2,789,273	-	2,789,273	169,084	-	169,084	345,076	3,303,433
Retail costs	1,723	106,317	108,040	-	9,988	9,988	-	118,028
Grounds expense	60,447	-	60,447	8,251	131	8,382	-	68,829
Repairs and maintenance	55,152	-	55,152	12,738	-	12,738	-	67,890
Program and event expense	47,137	-	47,137	7,765	41,157	48,922	-	96,059
Fundraising expense	721	-	721	4,166	405	4,571	18	5,310
Membership expense	6,971	-	6,971	-	-	-	-	6,971
Advertising	66,585	-	66,585	-	-	-	-	66,585
Bank charges and fees	43,433	10,953	54,386	2,353	10,002	12,355	69	66,810
Copying and printing expense	23,790	-	23,790	9,073	5,451	14,524	2,262	40,576
Equipment < \$2,500	11,172	-	11,172	367	863	1,230	821	13,223
Lease and service agreements	35,746	-	35,746	3,918	-	3,918	1,048	40,712
Insurance, taxes and, license	102,038	-	102,038	5,640	-	5,640	12,567	120,245
Outside computer service	85,212	393	85,605	8,157	-	8,157	-	93,762
Postage and shipping	1,025	164	1,189	1,537	-	1,537	1,125	3,851
Professional development	9,223	40	9,263	1,185	-	1,185	5,976	16,424
Professional services	126,981	188	127,169	67,575	29,660	97,235	36,347	260,751
Supplies	23,970	-	23,970	789	37,699	38,488	893	63,351
Travel	2,762	1,647	4,409	653	61	714	105	5,228
Utilities	54,419	-	54,419	2,660	-	2,660	-	57,079
Other	1,228	1,208	2,436	352	135	487	343	3,266
Sub-total	3,549,008	120,910	3,669,918	306,263	135,552	441,815	406,650	4,518,383
Depreciation and amortization	147,006	-	147,006	-	-	-	-	147,006
Total Expenses	3,696,014	120,910	3,816,924	306,263	135,552	441,815	406,650	4,665,389
Less: gift shop cost of sales	1,723	106,317	108,040	-	9,988	9,988	-	118,028
Total Expenses, by function	\$ 3,694,291	\$ 14,593	\$ 3,708,884	\$ 306,263	\$ 125,564	\$ 431,827	\$ 406,650	\$ 4,547,361

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

THE BLOEDEL RESERVE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program Services			Fundraising			Management and General	Total
	Other Program Services	Gift Shop Program	Total Program Services	Fundraising	Garden Party	Total Fundraising		
Salaries and wages	\$ 2,090,705	\$ -	\$ 2,090,705	\$ 136,212	\$ -	\$ 136,212	\$ 230,376	\$ 2,457,293
Retirement plan 401(k)	67,116	-	67,116	136,212	-	4,281	7,373	78,770
Industrial insurance	30,334	-	30,334	1,983	-	1,983	3,345	35,662
Payroll taxes	185,724	-	185,724	11,934	-	11,934	20,424	218,082
Health benefits	242,101	-	242,101	14,635	-	14,635	26,396	283,132
Total Personnel Expenses	2,615,980	-	2,615,980	300,976	-	169,045	287,914	3,072,939
Retail costs	450	114,056	114,506	-	5,105	5,105	-	119,611
Grounds expense	48,753	-	48,753	463	305	768	-	49,521
Repairs and maintenance	74,936	-	74,936	7,000	35	7,035	-	81,971
Program and event expense	55,205	66	55,271	16,267	68,588	84,855	-	140,126
Fundraising expense	177	-	177	1,879	-	1,879	-	2,056
Membership expense	6,012	-	6,012	-	-	-	-	6,012
Advertising	72,837	-	72,837	-	-	-	-	72,837
Bank charges and fees	47,706	2,879	50,585	3,001	12,057	15,058	805	66,448
Copying and printing expense	18,578	-	18,578	12,225	11,698	23,923	762	43,263
Equipment < \$2,500	23,965	504	24,469	4,888	1,116	6,004	1,861	32,334
Lease and service agreements	30,420	-	30,420	638	-	638	1,180	32,238
Insurance, taxes and, license	97,579	-	97,579	5,756	-	5,756	10,561	113,897
Outside computer service	50,353	1,037	51,390	445	1,742	2,187	-	53,577
Postage and shipping	1,400	579	1,979	1,401	314	1,715	2,562	6,256
Professional development	29,133	200	29,333	508	-	508	-	29,841
Professional services	234,613	625	235,238	68,819	59,750	128,569	92,645	456,452
Supplies	24,671	575	25,246	1,512	7,026	8,538	928	34,712
Travel	8,634	2,257	10,891	35	86	121	87	11,099
Utilities	54,767	-	54,767	-	-	-	-	54,767
Other	2,314	2,253	4,567	596	442	1,038	854	6,459
Sub-total	3,498,483	125,031	3,623,514	426,409	168,264	462,742	400,159	4,486,416
Depreciation and amortization	153,617	-	153,617	-	-	-	-	153,617
Total Expenses	3,652,100	125,031	3,777,131	426,409	168,264	462,742	400,159	4,640,033
Less: gift shop cost of sales	-	(125,031)	(125,031)	-	-	-	-	(125,031)
Total expenses, by function	\$ 3,652,100	\$ -	\$ 3,652,100	\$ 426,409	\$ 168,264	\$ 462,742	\$ 400,159	\$ 4,515,002

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

THE BLOEDEL RESERVE
STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024

(With summarized comparative totals for the year ended December 31, 2023)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 674,843	\$ 1,841,867
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized and unrealized gain from investments	(1,554,157)	(2,728,209)
Depreciation and amortization	147,006	153,617
Changes in operating assets and liabilities:		
Pledges and accounts receivable	(2,380)	22,321
Inventory	3,109	(255)
Prepaid expenses	(40,992)	-
Accounts payable	(52,485)	48,892
Accrued liabilities	13,874	(40,137)
Deferred memberships	(64,495)	119,104
Other deferred revenue	<u>(24,138)</u>	<u>(21,604)</u>
Net cash used in operating activities	<u>(899,815)</u>	<u>(604,404)</u>
Cash flows from Investing activities:		
Purchases of property and equipment	(96,780)	(192,134)
Proceeds from sale of investments	1,385,215	1,688,545
Purchases of investments	<u>(685,678)</u>	<u>(1,214,327)</u>
Net cash provided by Investing activities	<u>602,757</u>	<u>282,084</u>
<u>Net change in cash and cash equivalents</u>	<u>(297,058)</u>	<u>(322,320)</u>
Cash and cash equivalents, beginning of year	<u>2,423,274</u>	<u>2,745,594</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,126,216</u></u>	<u><u>\$ 2,423,274</u></u>

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

THE BLOEDEL RESERVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 - NATURE OF BUSINESS

The Bloedel Reserve (the Reserve and/or Organization) was initially a private foundation that was created by Prentice and Virginia Bloedel (Founders) in 1974. It operates as a tax-exempt non-profit organization whose primary purpose is to provide people with an opportunity to enjoy nature through quiet walks in the gardens and woodlands. The Bloedel Reserve is funded by contributions raised through efforts of the Board of Trustees, memberships and renewals, admissions, fundraising and special events, grants, rentals, program revenue, and retail sales. The fund was created by a contribution of the real estate, cash, and investments by the Bloedel's as further discussed in Note 5.

The Board of Trustees adopted a resolution in November 2008 to change the name of The Arbor Fund to the Bloedel Reserve.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Cash Restricted for Programs and Capital Projects

Cash restricted for the capital projects and programs by donors are not available for operating purposes.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Bloedel Reserve that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Unconditional promises to give are stated at net realizable value. Management believes that promises to give are fully collectible; therefore, no allowance for uncollectible accounts is required at December 31, 2024.

Other Revenues

Annual membership fees, net of contributions, are initially recorded as deferred revenue and subsequently recognized as revenue ratably throughout the year. The pack of membership benefits (access to the Reserve, invitation to events, newsletters, purchase discounts at the gift shop regardless of the amount or item purchased) represent a bundle of services and regard them as a single performance obligation.

Revenues from program fees are recognized upon sales of tickets because each event is held shortly thereafter. Control of the promised goods or services is considered obtained by the customers at the transaction date.

There is no price allocation for admission fees to the Bloedel Reserve and retail sales. There is only one performance obligation which is to sell tickets to visitors or sell items at given prices. Therefore, the revenue is recognized at the day of the exchange. Revenue from sales of gift certificates is recognized upon certificate redemption.

THE BLOEDEL RESERVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - CONT'D

Revenue from sponsorships on special events is accounted for as non-exchange contributions because the Bloedel Reserve believes that the benefits that sponsors receive are of minimal value. The sponsors receive the minimal value on the day of the special event.

Deferred revenues consisted of the following as of December 31, 2024, and 2023, respectively:

	<u>2024</u>	<u>2023</u>
Deferred membership	\$ 183,271	\$ 247,766
Other deferred revenues	<u>137,525</u>	<u>161,663</u>
Total	<u>\$ 320,796</u>	<u>\$ 409,429</u>

Inventory

Inventories are stated at the lower of cost or market determined by the first-in first-out method.

Property and Equipment

The Bloedel Reserve capitalizes property and equipment over \$5,000 at cost. Donations of property and equipment are recorded as contributions at their estimated fair value.

Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from three years for furniture, equipment and vehicles to thirty years for buildings and improvements.

Collections

The Bloedel Reserve's policy is to recognize collections as assets on the statement of financial position. Those artworks and antique furniture donated by the Bloedel family several years ago had an estimated fair value of \$50,000 at the date of gift. Some of the antique furniture was sold in 2015. The Bloedel Reserve also purchased and received additional artwork subsequently. Total estimated fair value at December 31, 2024, for artwork and antique furniture were \$53,159 and \$11,327, respectively.

Federal Income Taxes

The Bloedel Reserve has been determined to be exempt from Federal income tax in 1974, under Section 501(c)(3) of the Internal Revenue Code. The Bloedel Reserve has analyzed the tax positions taken in its filings with the Internal Revenue Service and state jurisdictions where it operates. The Bloedel Reserve believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Bloedel Reserve's financial condition, results of operations or cash flows. Accordingly, the Bloedel Reserve has not recorded any reserve, or related accruals for interest and penalties for uncertain income tax at December 31, 2024.

The Bloedel Reserve is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Bloedel Reserve believes it is no longer subject to income tax examinations for years prior to 2020.

Classification of Net Assets

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

Net Assets without Donor Restrictions

Net assets available for use in general operations and not subject to donor- (or certain grantor) imposed restrictions.

THE BLOEDEL RESERVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - CONT'D

Net Assets with Donor Restrictions

Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. The Bloedel Reserve reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Sales Tax

Revenue is recorded net of sales tax. Sales tax is collected and remitted to the tax authority.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the programs have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The following table shows the expenses that are allocated, and the bases used to allocate them:

<u>Type of Expense</u>	<u>Base</u>
Salaries and benefits	Time study
Bank charges	Staff FTE
Small equipment	Staff FTE
Lease and services	Staff FTE
Insurance	Staff FTE
Taxes	Staff FTE
Licenses	Staff FTE
Outside computer services	Staff FTE
Supplies	Primary usage
Professional development (usually all program)	Primary usage
Travel (usually all program)	Primary usage
Depreciation and amortization	Primary usage

Cash Equivalents

The Bloedel Reserve considers all highly liquid debt instruments purchased with a maturity of three months or less and money market funds to be cash equivalents. Any cash and equivalents with Vanguard are included if they are considered available for spending within the next three months or less; otherwise, they are considered part of the investments.

THE BLOEDEL RESERVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - CONT'D

Web Site Development Costs

The Bloedel Reserve expenses all costs incurred that relate to the planning and post-implementation phases of web site development. Costs incurred in the development phase are capitalized to the extent that their estimated useful lives exceed one year. Any capitalized costs are amortized over the assets' useful lives of three years. Costs incurred associated with repairs and maintenance of the existing site, or the development of website content is expensed as incurred.

Advertising

The Bloedel Reserve uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred.

Investments

The Bloedel Reserve records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Leases

Operating leases are capitalized and recognized as a right of use asset when the capital lease value is \$10,000 or more. The Bloedel Reserve does not have any operating leases that exceed \$10,000 in value.

The Bloedel Reserve has elected not to recognize right-of-use assets and lease liabilities for leases involving low-value assets, defined as those with a value of less than \$10,000.

NOTE 3 - RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2024, and 2023, respectively:

Temporary:	<u>2024</u>	<u>2023</u>
Capital and program projects	\$ 1,144,571	\$ 1,207,473
Fixed assets - purpose and time restrictions	175,000	175,000
Creative residency	162,371	127,309
RAB net investment income	<u>902,585</u>	<u>758,640</u>
Total Temporary	<u>2,384,527</u>	<u>2,268,422</u>
Permanent:		
Creative residency endowment	716,045	716,045
RAB endowment funded	<u>2,626,755</u>	<u>2,626,755</u>
Total Permanent	<u>3,342,800</u>	<u>3,342,800</u>
Grand total	<u>\$ 5,727,327</u>	<u>\$ 5,611,222</u>

Comprehensive capital campaign: Pledges were accumulated for various purpose restrictions and expenditures as of December 31, 2024.

THE BLOEDEL RESERVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 - RESTRICTIONS ON NET ASSETS - CONT'D

Capital and programs: Total capital and programs funding was \$0 and \$105,533, respectively.

Creative residency endowment and RAB endowment: The accumulated earnings are subject to the Bloedel Reserve spending policy and appropriation. The total corpus is to remain in perpetuity.

NOTE 4 - CONTRIBUTION OF NON-FINANCIAL ASSETS

The donation of services is recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The fair value of donated services and assets included as contributions in the financial statements and the corresponding programs benefited for the year ended December 31, 2024, are as follows:

	<u>Other Program Services</u>	<u>Fundraising</u>	<u>Total</u>
Services, wine, and decor	\$ -	\$ 4,920	\$ 4,920
Professional services	361	250	611
Gift shop inventory	-	200	200
Vehicle	7,000	-	7,000
	<u>\$ 7,361</u>	<u>\$ 5,370</u>	<u>\$ 12,731</u>

The fair value of donated services and assets included as contributions in the financial statements and the corresponding programs benefited for the year ended December 31, 2023, are as follows:

	<u>Other Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Services, wine, and decor	\$ -	\$ 5,436	\$ -	\$ 5,436
Professional services	-	50	1,012	1,062
Grounds equipment	570	-	-	570
Gift shop inventory	-	-	-	-
	<u>\$ 570</u>	<u>\$ 5,486</u>	<u>\$ 1,012</u>	<u>\$ 7,068</u>

Fair values were assigned based on pricing provided by in-kind donors.

There were a substantial number of volunteers that have donated significant amounts of their time in the fulfillment of the Bloedel Reserve's mission, however they do not meet the requirements of U.S. GAAP and therefore are not recognized as in-kind contributions.

NOTE 5 - PROPERTY, EQUIPMENT, AND RESTRICTIONS

In 1970, Prentice and Virginia Bloedel deeded their residence and 54 acres of land to the University of Washington. At the same time, Bloedel Timberlands Development, Inc. also deeded 40 acres to the University. In 1974, the Bloedel's created the Arbor Fund (currently The Bloedel Reserve) that was meant to manage and hold all of the properties. In 1985, the University of Washington conveyed a quit claim deed to the Arbor Fund, which continued to manage the properties as a quasi-public garden.

THE BLOEDEL RESERVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5 - PROPERTY, EQUIPMENT, AND RESTRICTIONS - CONT'D

In December 1985, an independent appraisal of the land, main house and guest house was performed. Total fair value was \$2 million. Because there was a required holding period of 30 years following the death of the surviving Bloedel, the restricted fair value was estimated to be \$380,000. There was not adequate documentation to determine what was recorded on The Bloedel Reserve's books to reflect the preceding transactions. Additionally, various purchases, improvements, and land acquisitions were made during the period and thereafter. There was not adequate documentation to identify those transactions and determine the reasonableness of amounts recorded on the books. As a result, in April 2010 the Bloedel Reserve hired an independent consultant to perform an appraisal of the real property considering the use restrictions.

The indicated value as restricted was \$1,750,000 for the real property and improvements. Management believes this amount was equivalent to the January 1, 2009 (which was the date of reclassification) amount since time and use restrictions do not expire until June 2026. The propriety of the amounts recorded as real property and the propriety of the amount of depreciation expense and accumulated depreciation for the real property and improvements in the accompanying financial statements were based on the restricted amount.

Land and building improvement, and equipment, net, are summarized as follows at December 31, 2024, and 2023, respectively:

	<u>2024</u>	<u>2023</u>
Land	\$ 1,513,702	\$ 1,513,702
Land improvements	768,490	768,490
Building and improvements	2,771,134	2,681,354
Vehicles	155,007	148,007
Furniture and fixtures (antique furniture excluded \$11,327)	194,920	194,920
Equipment	140,053	140,053
Computer equipment	<u>8,254</u>	<u>8,254</u>
Subtotal	5,551,560	5,454,780
Less: accumulated depreciation	<u>(1,428,350)</u>	<u>(1,281,344)</u>
Property and equipment, net	<u><u>\$ 4,123,210</u></u>	<u><u>\$ 4,173,436</u></u>

Website design and software, net is summarized as follows at December 31, 2024, and 2023, respectively:

	<u>2024</u>	<u>2023</u>
Software and website design	\$ 49,390	\$ 49,390
Less: accumulated amortization	<u>(49,390)</u>	<u>(49,390)</u>
Total software and website design, net	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The antiques and artwork are included in Note 2 to the financial statements under collections.

THE BLOEDEL RESERVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5 - PROPERTY, EQUIPMENT, AND RESTRICTIONS - CONT'D

Restricted properties totaling \$1,750,000 are reported under net assets with donor restrictions as follows:

Restricted fixed assets as stated:	<u>2024</u>	<u>2023</u>
Land	\$ 1,513,702	\$ 1,513,702
Land improvements	235,438	235,438
Water tank	<u>860</u>	<u>860</u>
Subtotal	1,750,000	1,750,000
Released from restriction as of December 31, 2022	<u>(1,516,667)</u>	<u>(1,516,667)</u>
Net restricted fixed asset as of December 31, 2022	233,333	233,333
Released from restriction as of December 31, 2023	<u>(58,333)</u>	<u>(58,333)</u>
Net restricted fixed asset as of December 31, 2023	175,000	175,000
Released from restriction as of December 31, 2024	<u>-</u>	<u>-</u>
Net restricted fixed asset as of December 31, 2024	<u>\$ 175,000</u>	<u>\$ 175,000</u>

NOTE 6 - RETIREMENT PLAN

In April 2012, the Bloedel Reserve adopted a 401(k)-retirement plan. All employees as of May 4, 2012, became eligible to participate in the plan. Future employees will become eligible upon reaching age 21 and after completing one year of employment in which they have worked 1,000 hours of service. Effective in 2020, the hours of service changed to 85 hours in the first month so that employees could participate sooner. Once the eligibility criteria have been met, the eligible employees can begin participating in either a ROTH or traditional 401(K) plan on the first day of the next calendar quarter. The contributions are made to the plan through payroll deductions.

At its discretion, the Bloedel Reserve may provide a matching contribution or a discretionary contribution. For the year 2017, the Bloedel Reserve made discretionary contributions of 4% of participants' gross wages. Participants are immediately vested in their elective employee contributions, ROTH, and rollover contributions plus actual earnings thereon. Vesting in the discretionary employer contributions is based on years of continuous service. A participant is 100% vested after three (3) years of credited service for discretionary employer contributions or at the participant's normal retirement age. Forfeitures will be used to reduce employer's contribution to the Plan. For the year ended December 31, 2024, and 2023, the employer's discretionary contribution was \$86,462 and \$78,770 respectively.

NOTE 7 - FAIR VALUE MEASUREMENTS

The Bloedel Reserve's financial assets carried at fair value have been classified, for disclosure purposes, based on a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The hierarchy gives the highest priority to fair values determined using unadjusted quoted prices in active markets for identical asset or liabilities (Level 1) and the lowest priority to fair values determined using unobservable inputs (Level 3). An asset or liability classification is determined based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3).

THE BLOEDEL RESERVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 7 - FAIR VALUE MEASUREMENTS - CONT'D

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Quoted market prices (unadjusted) in active markets for identical assets.

Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by market data.

All fair values of investments were determined under Level 1 inputs. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term.

Investments in the main (Founder) account consist of the following as of December 31, 2024:

Fund Name	<u>Fair Value</u>	<u>Cost</u>
Real Estate Index Admiral	\$ 2,184,797	\$ 1,582,541
Total Intl Stock Ix Inst	5,955,197	4,690,596
Total Bond Mkt Index Inst	6,858,065	7,973,319
Total Stock Mkt Idx Inst	6,785,705	1,965,737
Total	<u>\$ 21,783,764</u>	<u>\$ 16,212,193</u>

Investments in the main (Founder) account consist of the following as of December 31, 2023:

Fund Name	<u>Fair Value</u>	<u>Cost</u>
Real Estate Index Admiral	\$ 2,107,593	\$ 1,539,428
Total Intl Stock Ix Inst	5,925,300	4,704,722
Total Bond Mkt Index Inst	6,825,488	7,785,047
Total Stock Mkt Idx Inst	6,284,585	2,155,135
Total	<u>\$ 21,142,966</u>	<u>\$ 16,184,332</u>

Investments in the capital campaign account consist of the following as of December 31, 2024:

Fund Name	<u>Fair Value</u>	<u>Cost</u>
Real Estate Index Admiral	\$ 44,398	\$ 37,371
Total Intl Stock Ix Inst	110,916	89,175
Total Bond Mkt Index Inst	137,697	159,758
Total Stock Mkt Idx Inst	127,337	63,766
Total	<u>\$ 420,348</u>	<u>\$ 350,070</u>

Investments in the capital campaign account consist of the following as of December 31, 2023:

Fund Name	<u>Fair Value</u>	<u>Cost</u>
Real Estate Index Admiral	\$ 37,015	\$ 31,182
Total Intl Stock Ix Inst	107,513	87,214
Total Bond Mkt Index Inst	122,074	141,470
Total Stock Mkt Idx Inst	118,931	71,850
Total	<u>\$ 385,533</u>	<u>\$ 331,716</u>

THE BLOEDEL RESERVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 7 - FAIR VALUE MEASUREMENTS - CONT'D

Investments in the RAB endowment account consist of the following as of December 31, 2024:

Fund Name	<u>Fair Value</u>	<u>Cost</u>
FTSE Social Index	\$ 1,023,659	\$ 696,698
Real Estate Index Admiral	340,681	251,370
Total Bond Mkt Index Inst	1,185,687	1,355,892
ESG Intl Stock ETF	979,313	-
Total	<u>\$ 3,529,340</u>	<u>\$ 2,303,960</u>

Investments in the RAB endowment account consist of the following as of December 31, 2023:

Fund Name	<u>Fair Value</u>	<u>Cost</u>
FTSE Social Index	\$ 1,006,887	\$ 850,704
Real Estate Index Admiral	333,977	239,431
Total Bond Mkt Index Inst	1,051,778	1,199,385
ESG Intl Stock ETF	992,753	858,391
Total	<u>\$ 3,385,395</u>	<u>\$ 3,147,911</u>

Investments in the creative residency endowment account consist of the following as of December 31, 2024:

Fund Name	<u>Fair Value</u>	<u>Cost</u>
Real Estate Index Admiral	\$ 90,748	\$ 85,008
Total Intl Stock Ix Inst	239,553	211,906
Total Bond Mkt Index Inst	274,934	322,327
Total Stock Mkt Idx Inst	273,181	150,253
Total	<u>\$ 878,416</u>	<u>\$ 769,494</u>

Investments in the creative residency endowment account consist of the following as of December 31, 2023:

Fund Name	<u>Fair Value</u>	<u>Cost</u>
Real Estate Index Admiral	\$ 89,366	\$ 85,191
Total Intl Stock Ix Inst	234,974	210,532
Total Bond Mkt Index Inst	273,641	314,815
Total Stock Mkt Idx Inst	245,374	163,192
Total	<u>\$ 843,355</u>	<u>\$ 773,730</u>

THE BLOEDEL RESERVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 8 - CREDIT AND MARKET RISKS ARISING FROM CASH DEPOSITS AND INVESTMENTS

The cash deposits and investments are managed by an internal committee appointed by the Board. The Bloedel Reserve maintains the investments and endowment accounts with Vanguard, who has custodial responsibilities.

Credit Risk

The Bloedel Reserve may maintain demand deposits and savings accounts at financial institutions. At times certain balances held within these accounts may not be fully guaranteed or insured by the U.S. Government. The uninsured portions of cash and demand deposit accounts are backed solely by the assets of the underlying institution. Therefore, the failure of an underlying institution could result in financial loss of the Bloedel Reserve. However, the Bloedel Reserve has not experienced losses on these accounts in the past, and the Board believes the risk of loss, if any, to be minimal.

Market Risk

The Bloedel Reserve's investments are exposed to market risks. Therefore, the Bloedel Reserve's investments may be subject to significant fluctuations in fair value such as the impact of COVID- 19 pandemic. As a result, the investment balances reported on the Bloedel Reserve's financial statements may not be reflective of the portfolio's value during subsequent periods.

NOTE 9 - CONSERVATION EASEMENTS

The Bloedel Reserve sold a 10-acre property to an individual previously and owns conservation rights to it. In the previous year, the 10-acre property was intended to be sold and legal proceedings were necessary to ensure that the conservation rights remain. The Bloedel Reserve spent \$43,719 during 2023 and an additional \$17,300 and \$2,560 was paid in 2024. The parties have reached an agreement and no further costs will be incurred for these proceedings. The Bloedel reserve is not aware of any future liability associated with these rights.

NOTE 10 - NON-CASH DONATIONS TO OTHER NONPROFIT ORGANIZATIONS

The Wildlife Refuge is leasing some buildings and land owned by the Bloedel Reserve at a nominal rate. The Bloedel Reserve is not in the business of leasing any property and has made an exception as Wildlife Refuge's mission aligns with the Bloedel Reserve's. As there is no market for this leased property a nominal amount is charged. The new lease was for a smaller leased property.

The Bloedel Reserve entered into a ground lease agreement with the Bainbridge Island Fire Department on March 2, 2022 to lease a 20' x 20' portion of the property to erect, operate and maintain a Forest Technology Systems Remote Automatic Weather Station (RAWS). The Bloedel Reserve acknowledges the operation of the RAWS will provide benefit to the community and is waiving any and all rental charges.

The Board of Trustees approved a proposal to permit the Puget Sound Restoration Fund to farm native shellfish on parts of The Bloedel Reserve's beach. The Bloedel Reserve is not aware of future liability associated with this activity. No rent is charged, and their lease will end January 1, 2029.

THE BLOEDEL RESERVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 11 - ENDOWMENT

Richard A. Brown Endowment for the Director

An endowment was established in 2009, the Richard A. Brown Endowment for the Director, in honor of Richard Brown (RAB), who retired after being the Executive Director of the Bloedel Reserve for 32 years. The goal was to create a \$2.5 million-dollar endowment that can provide an annual pay-out of approximately \$125,000. The revenue will be used to support the salary of the Bloedel Reserve's Executive Director, and it will help cover the financial gap between the Bloedel Reserve's annual operating expenses and revenues. A matching gift of \$1.25 million dollar came from the Founders' daughter and son-in-law. They donated \$250,000 per year from 2009 through 2013. The Bloedel Reserve and its board members matched it to create a \$2.5 million-dollar endowment. The Bloedel Reserve exceeded their goal and raised a total of \$2,626,755, net. The Bloedel Reserve's Finance Committee administers the endowment account.

The Bloedel Reserve's endowment consists of donor-restricted funds established for supporting the salary and benefits of the Bloedel Reserve's Executive Director. Endowment funds generally are established by donor restricted gifts and bequests to provide a permanent endowment, which is to provide a permanent source of income, or a term endowment, which is to provide income for a specified period. The organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment.

Investment income and losses increase or reduce net assets with donor restrictions until they are approved for expenditures.

RAB endowment net assets composition as of December 31, 2024, and 2023:

	<u>2024</u>	<u>2023</u>
Amount required to be invested in perpetuity	\$ 2,626,755	\$ 2,626,755
Unappropriated endowment	<u>902,585</u>	<u>758,640</u>
Total	<u>\$ 3,529,340</u>	<u>\$ 3,385,395</u>

Changes in RAB endowment net assets as of December 31, 2024, and 2023:

	<u>2024</u>	<u>2023</u>
Endowment net assets, beginning of year	\$ 3,385,396	\$ 3,055,362
Investment income (net of fees)	88,005	76,041
Realized gain/ (loss)	64,826	(5,038)
Unrealized gain	165,462	408,421
Appropriation for salary and benefits- Executive Director	<u>(174,349)</u>	<u>(149,390)</u>
Total	<u>\$ 3,529,340</u>	<u>\$ 3,385,396</u>

THE BLOEDEL RESERVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 11 - ENDOWMENT - CONT'D

Creative Residency Endowment Fund

The Creative Residency Endowment Fund (CR) was approved and created in 2018 to provide cash flow to support the operations of the Creative Residency program. An investment policy was created in December 2018 to set forth the investment objectives and risk parameters, distribution policies, and investment guidelines for managing the portfolio assets similar to the RAB endowment as described above. The board's interpretation of relevant law, UPMIFA, as it applies to this endowment is noted above under the RAB endowment.

Endowment funds generally are established by donor-restricted gifts and bequests to provide a permanent endowment, which is to provide a permanent source of income, or a term endowment, which is to provide income for a specified period. The Bloedel Reserve classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. Investment income and losses increase or reduce net assets with donor restrictions until they are approved for expenditures.

CR endowment Net Assets Composition as of December 31, 2024, and 2023:

	<u>2024</u>	<u>2023</u>
Amounts required to be invested in perpetuity	\$ 716,045	\$ 716,054
Cumulative investment return (net)- purpose restricted by donor	<u>162,371</u>	<u>127,301</u>
Total	<u><u>\$ 878,416</u></u>	<u><u>\$ 843,355</u></u>

Changes in CR endowment net assets as of December 31, 2024, and 2023:

	<u>2024</u>	<u>2023</u>
Endowment net assets, beginning of year	\$ 843,355	\$ 759,126
Contributions	-	5,000
Withdrawals	(38,594)	(29,119)
Investment income (net of fees)	22,820	21,091
Realized gain	12,421	6,443
Unrealized gain	<u>38,414</u>	<u>80,814</u>
Endowment net assets, end of year	<u>878,416</u>	<u>843,355</u>
Total	<u><u>\$ 4,407,756</u></u>	<u><u>\$ 4,228,750</u></u>

Return Objectives and Risk Parameters

The Bloedel Reserve has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that the Bloedel Reserve must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, the endowment assets are invested in a manner that is intended to produce results that meet or exceed the results produced by a moderately aggressive balanced fund assuming a moderate level of investment risk.

THE BLOEDEL RESERVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 11 - ENDOWMENT - CONT'D

Strategies Employed for Achieving Objectives

To meet its needs, the investment strategy of the Bloedel Reserve is to emphasize total return in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Bloedel Reserve has a policy of appropriating for distributions the interest and dividends net of fees. In addition, the Board may approve for distribution a portion of any unrealized market gain and at the same time allow the fund to grow at some appropriate rate.

Interpretation of Relevant Law

The State of Washington enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) on May 11, 2009. The Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Bloedel Reserve classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment.

In accordance with UPMIFA, the Bloedel Reserve considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Bloedel Reserve and donor-restricted fund
3. General economic conditions
4. The possible effect of inflation or deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Bloedel Reserve
7. The investment policies of the Bloedel Reserve

NOTE 12 - GOVERNING BOARD DESIGNATIONS AND APPROPRIATIONS

There were no board designated funds from net assets without donor restrictions as of December 31, 2024, and 2023 respectively.

NOTE 13 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Bloedel Reserve is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Bloedel Reserve must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Bloedel Reserve's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Vanguard main investment account, which was established by the board as an operating fund, may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

THE BLOEDEL RESERVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 13 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS - CONT'D

In accordance with the donor's restrictions, the board had established a spending policy where the Executive Director's compensation can be drawn from the RAB endowment investment account.

The following reflects Bloedel's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts already appropriated from the donor restricted endowment to fund the Executive Director's compensation within one year of the balance sheet date has been subtracted as available.

	<u>2024</u>	<u>2023</u>
Financial assets at year end	\$ 28,872,521	\$ 28,260,523
Less: those unavailable for general expenditures within one year, due to:		
Cash and equivalents restricted for capital and programs expenditures	(1,627,143)	(1,949,689)
Donor restricted pledges for capital projects and programs	(40,000)	(40,000)
Vanguard creative residency - Endowment	(716,045)	(716,054)
Vanguard investment - RAB Endowment	(2,626,755)	(2,626,755)
Various liabilities	<u>(238,795)</u>	<u>(279,406)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 23,623,783</u>	<u>\$ 22,648,619</u>

NOTE 14 - UNDERWATER ENDOWMENT

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Uniform Prudent Management of Institutional Funds Act (UPMIFA) requires Bloedel to retain as a fund of perpetual duration.

Furthermore, as part of the change to net asset classification in accordance with ASU 2016-14, the amendments change how endowments that have a current fair value less than the original gift amount (or amount required to be retained by donor or by law), known as "underwater" endowments, are classified; rather than reducing unrestricted net assets for amounts by which endowment funds are underwater, those amounts are reported within net assets with donor restrictions.

As of December 31, 2024, the RAB endowment and CR endowment were not underwater as shown below.

Bloedel's spending policy is to permit distribution to the extent that such distribution does not exceed a level that would erode the Fund's real assets over time. A review of the spending assumptions will be done annually to determine if the spending policy should be changed.

THE BLOEDEL RESERVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 14 - UNDERWATER ENDOWMENT - CONT'D

Determination of underwater - RAB endowment:

Aggregate Fair Value December 31, 2024	Aggregate Original Gift Amounts December 31, 2024	Amount of Underwater December 31, 2024
\$ <u>3,529,340</u>	\$ <u>2,626,755</u>	\$ <u>-</u>

Determination of underwater - CR endowment:

Aggregate Fair Value December 31, 2024	Aggregate Original Gift Amounts December 31, 2024	Amount of Underwater December 31, 2024
\$ <u>878,416</u>	\$ <u>716,045</u>	\$ <u>-</u>

As of December 31, 2023, the RAB endowment and CR endowment were not underwater as shown below.

Determination of underwater - RAB endowment:

Aggregate Fair Value December 31, 2023	Aggregate Original Gift Amounts December 31, 2023	Amount of Underwater December 31, 2023
\$ <u>3,385,395</u>	\$ <u>2,626,755</u>	\$ <u>-</u>

Determination of underwater - CR endowment:

Aggregate Fair Value December 31, 2023	Aggregate Original Gift Amounts December 31, 2023	Amount of Underwater December 31, 2023
\$ <u>843,355</u>	\$ <u>716,045</u>	\$ <u>-</u>

The Vanguard main investment account is not a true endowment, even though it is labeled as an endowment on the investment account. Therefore, there is no disclosure requirement.

NOTE 15 - SUBSEQUENT EVENTS

The Bloedel Reserve did not have any subsequent events through April 28, 2025, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended December 31, 2024.