THE BLOEDEL RESERVE

(A Washington Not-For-Profit Organization)

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025
(With summarized comparative totals as of and for the year ended December 31, 2024)

THE BLOEDEL RESERVE

TABLE OF CONTENTS
DECEMBER 31, 2025

Aiken & Sanders, Inc PS
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS
324 South Main Street, Unit A, Montesano WA 98563-4502
Telephone (360) 533-3370 Fax (360) 532-7123
aikenandsanders@aiken-sanders.com

INDEPENDENT AUDITOR'S REPORT

To 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, 2025, 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, 2025, and the changes in net assets and its cash flows for the year 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.

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.

<u>Report on Summarized Comparative Information</u>

We have previously audited the Bloedel Reserve's 2024 financial statements, and we expressed unmodified audit opinion on those audited financial statements in our report dated April 28, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Aiken & Sanders

Aiken & Sanders, Inc., PS
Certified Public Accountants
& Management Consultants

May 12, 2026

FINANCIAL STATEMENTS

THE BLOEDEL RESERVE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025
(With summarized comparative totals as of December 31, 2024)

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 2,421,234	$ 2,007,653
Certificates of deposit	-	118,563
Pledges and accounts receivable	47,575	126,877
Investment		
Investments-main	24,044,380	21,783,764
Investment-capital	487,767	420,348
Endowment investments	4,889,250	4,407,756
Inventory	54,667	56,929
Prepaid expenses	39,274	45,298
Total current assets	31,984,147	28,967,188
Noncurrent assets		
Property and equipment, net	4,170,162	4,123,210
Artwork	53,159	53,159
Antique furniture	11,327	11,327
Total noncurrent assets	4,234,648	4,187,696
Total assets	36,218,795	33,154,884
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities		
Accounts payable	43,447	87,147
Accrued liabilities	211,077	151,648
Total current liabilities	254,524	238,795
Noncurrent liabilities		
Deferred memberships	201,949	183,271
Other deferred revenues	135,191	137,525
Total noncurrent liabilities	337,140	320,796
Total liabilities	591,664	559,591

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

THE BLOEDEL RESERVE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025
(With summarized comparative totals as of December 31, 2024)

NET ASSETS		
Without donor restrictions	29,515,154	26,867,966
With donor restrictions:		
Purpose and time restricted properties	175,000	175,000
Purpose restricted - capital and programs	1,047,727	1,144,571
Unappropriated endowment earnings	1,541,450	1,064,956
Perpetual in nature (CR endowment)	721,045	716,045
Perpetual in nature (RAB endowment)	2,626,755	2,626,755
Total With donor restrictions	6,111,977	5,727,327
Total net assets	35,627,131	32,595,293
Total liabilities and net assets	$ 36,218,795	$ 33,154,884

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

THE BLOEDEL RESERVE
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSET
FOR THE YEAR ENDED DECEMBER 31, 2025
(With summarized comparative totals for the year ended December 31, 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public Support				
Contributions	$ 646,528	$ 247,085	$ 893,613	$ 528,582
Grants	118,165	-	118,165	96,433
Special events	22,079	697,348	719,427	714,669
Creative residency	-	5,000	5,000	-
Donated in-kind services	39,111	-	39,111	12,731
Total Public Support	825,883	949,433	1,775,316	1,352,415
Revenues				
Membership fees	411,316	-	411,316	448,861
Admissions	1,198,639	-	1,198,639	930,719
Facilities rental	176,605	-	176,605	41,822
Retail Sales	241,414	-	241,414	209,864
Less: cost of sale	(157,928)	-	(157,928)	(118,028)
Program income	69,635	-	69,635	39,990
Miscellaneous income	9,697	-	9,697	9,825
Total Revenues	1,949,378	-	1,949,378	1,563,053
Investment Income				
Interest income - banks	53,923	-	53,923	66,901
Investment income (Net of fees)	759,297	-	759,297	685,678
Net realized gain/ (loss)	619,727	-	619,727	742,092
Net unrealized gain/ (loss)	2,775,712	-	2,775,712	812,065
Total Investment Income	4,208,659	-	4,208,659	2,306,736
Released from Restrictions				
Satisfaction of donors' restrictions-programs	43,054	(43,054)	-	-
Satisfaction of donor restrictions-RAB endowment	177,800	(177,800)	-	-
Satisfaction of donors' restrictions-capital projects	343,929	(343,929)	-	-
Total released from restrictions	564,783	(564,783)	-	-
Total Public Support, Revenues, and Investment Income	7,548,703	384,650	7,933,353	5,222,204

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

THE BLOEDEL RESERVE
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSET
FOR THE YEAR ENDED DECEMBER 31, 2025
(With summarized comparative totals for the year ended December 31, 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Expenses				
Program services	3,903,842	-	3,903,842	3,708,884
Management and general	513,593	-	513,593	406,650
Fundraising	484,080	-	484,080	431,827
Total Expenses	4,901,515	-	4,901,515	4,547,361
Change in net assets	2,647,188	384,650	3,031,838	674,843
Net assets, beginning of year	26,867,966	5,727,327	32,595,293	31,920,450
Net assets, end of year	$ 29,515,154	$ 6,111,977	$ 35,627,131	$ 32,595,293

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

THE BLOEDEL RESERVE
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(With summarized comparative totals for the year ended December 31, 2024)

	Program Services			Fundraising					
	Other Program Services	Gift Shop Program	Total Program Services	Fundraising	Garden Party	Total Fundraising	Management and General	Total 2025	Total 2024
Salaries and wages	$ 2,321,105	$ -	$ 2,321,105	$ 232,534	$ -	$ 232,534	$ 311,424	$ 2,865,063	$ 2,641,319
Retirement plan 401(k)	67,737	-	67,737	6,783	-	6,783	8,197	82,717	86,462
Industrial insurance	27,428	-	27,428	2,747	-	2,747	3,319	33,494	29,229
Payroll taxes	188,715	-	188,715	18,897	-	18,897	22,837	230,449	213,435
Health benefits	304,445	-	304,445	30,486	-	30,486	36,843	371,774	332,988
Total personnel expenses	2,909,430	-	2,909,430	291,447	-	291,447	382,620	3,583,497	3,303,433
Retail costs	2,311	110,497	112,808	93	45,027	45,120	-	157,928	118,028
Grounds expense	70,528	-	70,528	-	2,605	2,605	524	73,657	68,829
Repairs and maintenance	87,918	-	87,918	-	-	-	5,113	93,031	67,890
Program and event expense	52,366	-	52,366	9,923	44,139	54,062	-	106,428	96,059
Fundraising expense	1,343	-	1,343	1,203	-	1,203	-	2,546	5,310
Membership expense	8,246	-	8,246	-	-	-	-	8,246	6,971
Advertising	23,332	-	23,332	-	-	-	-	23,332	66,585
Bank charges and fees	45,719	21,405	67,124	2,709	11,510	14,219	49	81,392	66,810
Copying and printing expense	18,007	-	18,007	1,859	4,216	6,075	1,123	25,205	40,576
Equipment < $2,500	27,281	1,049	28,330	943	642	1,585	867	30,782	13,223
Lease and service agreements	29,573	-	29,573	415	-	415	510	30,498	40,712
Insurance, taxes and, license	102,990	-	102,990	10,062	-	10,062	12,339	125,391	120,245
Outside computer service	83,889	-	83,889	-	1,878	1,878	-	85,767	93,762
Postage and shipping	315	154	469	380	811	1,191	1,891	3,551	3,851
Professional development	8,619	-	8,619	10	22	32	7,931	16,582	16,424
Professional services	147,481	250	147,731	22,894	39,927	62,821	19,110	229,662	260,751
Supplies	27,594	-	27,594	1,066	35,126	36,192	891	64,677	63,351
Travel	8,914	2,198	11,112	25	72	97	340	11,549	5,228
Utilities	64,513	-	64,513	-	-	-	28	64,541	57,079
Bad Debt Expense	-	-	-	-	-	-	80,000	80,000	-
Other	1,880	908	2,789	799	(603)	196	257	3,242	3,266
Sub-total	3,722,249	136,461	3,858,711	343,828	185,372	529,200	513,593	4,901,504	4,518,383
Depreciation	157,940	-	157,940	-	-	-	-	157,940	147,006
Total Expenses	3,880,189	136,461	4,016,651	343,828	185,372	529,200	513,593	5,059,444	4,665,389
Less: gift shop cost of sales	(2,311)	(110,497)	(112,808)	(93)	(45,027)	(45,120)	-	(157,928)	(118,028)
Net Expenses 2025	$ 3,877,878	$ 25,964	$ 3,903,842	$ 343,735	$ 140,345	$ 484,080	$ 513,593	$ 4,901,515	
Net Expenses 2024	$ 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
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025
(With summarized comparative totals for the year ended December 31, 2024)

	2025	2024
Cash flows from operating activities:		
Change in net assets	$ 3,031,838	$ 674,843
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Unrealized gain from investments	(2,775,712)	(1,554,157)
Depreciation	157,940	147,006
Changes in operating assets and liabilities:		
Pledges and accounts receivable	79,302	(2,380)
Inventory	2,262	3,109
Prepaid expenses	6,024	(40,992)
Accounts payable	(43,700)	(52,485)
Accrued liabilities	59,429	13,874
Deferred memberships	18,678	(64,495)
Other deferred revenue	(2,334)	(24,138)
Net cash used in operating activities	533,727	(899,815)
Cash flows from Investing activities:		
Purchases of property and equipment	(204,892)	(96,780)
Proceeds from sale of investments	1,345,208	1,385,215
Purchases of investments	(1,379,025)	(685,678)
Net cash provided by Investing activities	(238,709)	602,757
Net Change in cash and cash equivalents	295,018	(297,058)
Cash and cash equivalents, beginning of year	2,126,216	2,423,274
Cash and cash equivalents, end of year	$ 2,421,234	$ 2,126,216

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

NOTE 1 - NATURE OF BUSINESS

The Bloedel Reserve 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 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 promises to give is required as of December 31, 2025.

Other Revenues

Annual membership fees, net of contributions, are initially recorded as deferred revenue and subsequently recognized as revenue on a ratable basis throughout the year. The package of membership benefits (access to the Reserve, invitations to events, newsletters, and purchase discounts at the gift shop regardless of the amount or item purchased) represents a bundle of services and is regarded 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.

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, 2025, and 2024, respectively:

	2025	2024
Deferred membership	$ 201,949	$ 183,271
Other deferred revenues	135,191	137,525
Total	$ 337,140	$ 320,796

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, 2025, for artwork and antique furniture was $53,159 and $11,327 respectively.

Federal Income Taxes

The Bloedel Reserve was 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 in which 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 its financial condition, results of operations, or cash flows. Accordingly, the Bloedel Reserve has not recorded any reserves or related accruals for interest and penalties for uncertain income taxes as of December 31, 2025.

The Bloedel Reserve is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. The Bloedel Reserve believes it is no longer subject to income tax examinations for years prior to 2022.

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:

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - CONT'D

Net Assets without Donor Restrictions

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

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 basis used to allocate them:

Type of Expense	Base
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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - CONT'D

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.

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 totaling $ 23,332 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 - CASH AND CASH EQUIVALENTS

As of December 31, 2025, and 2024, the carrying amount of the cash deposit were $2,421,234, and $2,126,216 the bank balance were $2,398,052 and $2,027,634, respectively. The difference between the bank balance and carrying amount represents outstanding checks, outstanding deposit, and petty cash.

Cash balance held in the bank are insured by the Federal Deposit Insurance Corporation (FDIC) for up to $250,000per banking institution. As of December 31, 2025, and 2024, the Bloedel Reserve had $855,939 and $394,664 uninsured balances, respectively.

NOTE 4 – RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2025, and 2024, respectively:

	2025	2024
Temporary:		
Capital and program projects	$ 1,047,727	$ 1,144,571
Fixed assets - purpose and time restrictions	175,000	175,000
Creative residency	260,957	162,371
RAB net investment income	1,280,493	902,585
Total Temporary	2,764,177	2,384,527
Permanent:		
Creative residency endowment	721,045	716,045
RAB endowment funded	2,626,755	2,626,755
Total Permanent	3,347,800	3,342,800
Grand total	$ 6,111,977	$ 5,727,327

Comprehensive capital campaign: Pledges were accumulated for various purpose restrictions and expenditures as of December 31, 2025.

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 5 – 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, 2025, are as follows:

	Fundraising	Total
Services, wine, and decor	$ 3,786	$ 3,786
Professional services	1,200	1,200
Grounds equipment	965	965
Gift shop inventory	1,550	1,550
Auction /Fundraising items	31,610	31,610
	$ 39,111	$ 39,111

NOTE 5 – CONTRIBUTION OF NON-FINANCIAL ASSETS - CONT'D

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:

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

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

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

NOTE 6 – 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.

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.

NOTE 6 – PROPERTY, EQUIPMENT, AND RESTRICTIONS - CONT'D

Land and building improvement, and equipment, net, are summarized as follows at December 31, 2025, and 2024, respectively:

	2025	2024
Land	$ 1,513,702	$ 1,513,702
Land improvements	808,213	768,490
Building and improvements	2,890,600	2,771,133
Vehicles	178,997	155,007
Furniture and fixtures (antique furniture excluded $11,327)	194,920	194,920
Equipment	161,765	140,053
Computer equipment	8,254	8,254
Subtotal	5,756,451	5,551,559
Less: accumulated depreciation	(1,586,289)	(1,428,349)
Property and equipment, net	$ 4,170,162	$ 4,123,210

Depreciation expense was $1,57,940 and $1,47,006 for the fiscal years ending December 31, 2025, and 2024, respectively.

Website design and software, net is summarized as follows at December 31, 2025, and 2024, respectively:

	2025	2024
Software and website design	$ 49,390	$ 49,390
Less: accumulated amortization	(49,390)	(49,390)
Total software and website design, net	$ -	$ -

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

NOTE 6 – PROPERTY, EQUIPMENT, AND RESTRICTIONS - CONT'D

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

Restricted fixed assets as stated:	2025	2024
Land	$ 1,513,702	$ 1,513,702
Land improvements	235,438	235,438
Water tank	860	860
Subtotal	1,750,000	1,750,000
Released from restriction as of December 31, 2022	(1,516,667)	(1,516,667)
Net restricted fixed asset as of December 31, 2022	233,333	233,333
Released from restriction as of December 31, 2023	(58,333)	(58,333)
Net restricted fixed asset as of December 31, 2023	175,000	175,000
Released from restriction as of December 31, 2024	-	-
Net restricted fixed asset as of December 31, 2024	$ 175,000	$ 175,000
Released from restriction as of December 31, 2025	-	-
Net restricted fixed asset as of December 31, 2025	$ 175,000	$ 175,000

NOTE 7 – 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, 2025, and 2024, the employer's discretionary contribution was $82,717 and $86,462, respectively.

NOTE 8 – 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 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, 2025:

Fund Name	Fair Value	Cost
Real Estate Index Admiral	$ 2,194,162	$ 1,605,069
Total Intl Stock Ix Inst	7,125,804	4,465,997
Total Bond Mkt Index Inst	7,691,030	8,591,095
Total Stock Mkt Idx Inst	7,033,384	1,817,801
Total	$ 24,044,380	$ 16,479,962

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

Fund Name	Fair Value	Cost
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	$ 21,783,764	$ 16,212,193

THE BLOEDEL RESERVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 8 – FAIR VALUE MEASUREMENTS - CONT'D

Investments in the capital campaign account consist of the following as of December 31, 2025:

Fund Name	Fair Value	Cost
Real Estate Index Admiral	$ 45,816	$ 38,738
Total Intl Stock Ix Inst	145,444	92,947
Total Bond Mkt Index Inst	154,605	172,349
Total Stock Mkt Idx Inst	141,902	62,243
Total	$ 487,767	$ 366,277

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

Fund Name	Fair Value	Cost
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	$ 420,348	$ 350,070

Investments in the RAB endowment account consist of the following as of December 31, 2025:

Fund Name	Fair Value	Cost
FTSE Social Index Adm	$ 1,118,955	$ 659,047
Real Estate Index Admiral	351,560	261,772
Total Bond Mkt Index Inst	1,288,228	1,417,544
ESG Intl Stock ETF	1,148,278	985,632
Charles Schwab Bank	227	-
Total	$ 3,907,248	$ 3,323,995

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

Fund Name	Fair Value	Cost
FTSE Social Index Adm	$ 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	$ 3,529,340	$ 2,303,960

NOTE 8 – FAIR VALUE MEASUREMENTS - CONT'D

Investments in the creative residency endowment account consist of the following as of December 31, 2025:

Fund Name	Fair Value	Cost
Real Estate Index Admiral	$ 92,218	$ 86,441
Total Intl Stock Ix Inst	287,864	201,523
Total Bond Mkt Index Inst	317,916	356,601
Total Stock Mkt Idx Inst	284,004	136,526
Total	$ 982,002	$ 781,091

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

Fund Name	Fair Value	Cost
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	$ 878,416	$ 769,494

NOTE 9 – 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 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 that the operation of the RAWS will provide a 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.

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 serving as 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, 2025, and 2024:

	2025	2024
Amount required to be invested in perpetuity	$ 2,626,755	$ 2,626,755
Unappropriated endowment	1,280,493	902,585
Total	$ 3,907,248	$ 3,529,340

NOTE 11 - ENDOWMENT - CONT'D

Changes in RAB endowment net assets as of December 31, 2025, and 2024:

	2025	2024
Endowment net assets, beginning of year	$ 3,529,340	$ 3,385,396
Investment income (net of fees)	101,315	88,005
Realized gain/ (loss)	31,461	64,826
Unrealized gain	414,247	165,462
Appropriation for salary and benefits- Executive Director	(169,115)	(174,349)
Total	$ 3,907,248	$ 3,529,340

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, 2025, and 2024:

	2025	2024
Amounts required to be invested in perpetuity	$ 721,045	$ 716,045
Cumulative investment return (net)- purpose restricted by donor	260,957	162,371
Total	$ 982,002	$ 878,416

NOTE 11 - ENDOWMENT - CONT'D

Changes in CR endowment net assets as of December 31, 2025, and 2024:

	2025	2024
Endowment net assets, beginning of year	$ 878,416	$ 843,355
Contributions	-	-
Withdrawals	(35,881)	(38,594)
Investment income (net of fees)	25,407	22,820
Realized gain	14,687	12,421
Unrealized gain	99,373	38,414
Endowment net assets, end of year	982,002	878,416
Total Endowment	$ 4,889,250	$ 4,407,756

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.

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.

NOTE 11 - ENDOWMENT - CONT'D

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, 2025, and 2024, 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 now transferred to Charles Schwab 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. 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.

	2025	2024
Financial assets at year end	$ 31,929,480	$ 28,872,521
Less: those unavailable for general expenditures within one year, due to:		
Cash and equivalents restricted for capital and programs expenditures	(1,518,613)	(1,627,143)
Donor restricted pledges for capital projects and programs	-	(40,000)
Vanguard creative residency - Endowment	(721,045)	(716,045)
Vanguard investment - RAB Endowment	(2,626,755)	(2,626,755)
Various liabilities	(254,524)	(238,795)
Financial assets available to meet cash needs for general expenditure within one year	$ 26,808,543	$ 23,623,783

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, 2025, 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.

Determination of underwater - RAB endowment:

Aggregate Fair Value December 31, 2025	Aggregate Original Gift Amounts December 31, 2025	Amount of Underwater December 31, 2025
$ 3,907,248	$ 2,626,755	$ -

Determination of underwater - CR endowment:

Aggregate Fair Value December 31, 2025	Aggregate Original Gift Amounts December 31, 2025	Amount of Underwater December 31, 2025
$ 982,002	$ 721,045	$ -

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

Determination of underwater - RAB endowment:

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

Determination of underwater - CR endowment:

Aggregate Fair Value December 31, 2024	Aggregate Original Gift Amounts December 31, 2024	Amount of Underwater December 31, 2024
$ 878,416	$ 716,045	$ -

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 May 12, 2026, which is the date the financial statements were available to be issued, that require recognition or disclosure in the financial statements for the year ended December 31, 2025.