



**The Trust for Hidden Villa
Financial Statements
August 31, 2023 and 2022**

Board of Trustees and Audit Committee
The Trust for Hidden Villa
Los Altos Hills, California



Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the accompanying financial statements of The Trust for Hidden Villa (Hidden Villa), which comprise the statements of financial position as of August 31, 2023 and 2022, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hidden Villa as of August 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Hidden Villa and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe 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 Hidden Villa's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee 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, including omissions, 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 Hidden Villa'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 Hidden Villa'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.

Frank, Rimmerman & Co. LLP

San Jose, California
December 22, 2023

The Trust for Hidden Villa
Statements of Financial Position

| | August 31, | |
|---|---------------|---------------|
| | 2023 | 2022 |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 1,100,730 | \$ 419,947 |
| Pledges receivable | 28,600 | 18,200 |
| Other receivables | 2,556 | 158,142 |
| Prepaid expenses and other current assets | 283,795 | 354,110 |
| Total current assets | 1,415,681 | 950,399 |
| Pledges Receivable, net current portion | 10,000 | 18,600 |
| Property and Equipment, net | 8,257,826 | 8,508,925 |
| Donated Artwork | 259,000 | 259,000 |
| Operating Lease Right of Use Assets, net | 17,163 | - |
| Investments Held for Endowment | 7,155,689 | 7,195,090 |
| Total assets | \$ 17,115,359 | \$ 16,932,014 |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts payable | \$ 41,054 | \$ 69,964 |
| Accrued expenses and other liabilities | 82,577 | 91,842 |
| Deferred revenue | 91,334 | 64,697 |
| Operating lease liabilities | 7,212 | - |
| Total current liabilities | 222,177 | 226,503 |
| Operating lease liabilities, net of current portion | 10,125 | - |
| Total liabilities | 232,302 | 226,503 |
| Commitments and Contingencies (Notes 8 and 11) | | |
| Net Assets | | |
| Without donor restrictions | | |
| Designated by Board of Trustees | 5,636,663 | 5,819,936 |
| Undesignated | 9,002,150 | 8,980,669 |
| With donor restrictions | 2,244,244 | 1,904,906 |
| Total net assets | 16,883,057 | 16,705,511 |
| Total liabilities and net assets | \$ 17,115,359 | \$ 16,932,014 |

See Notes to Financial Statements

The Trust for Hidden Villa
Statement of Activities and Change in Net Assets
Year Ended August 31, 2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---------------------------------------|-------------------------------|----------------------------|---------------|
| Support Income and Revenue | | | |
| Contributed cash and financial assets | \$ 1,343,294 | \$ 806,434 | \$ 2,149,728 |
| Fees | 758,951 | - | 758,951 |
| Contributed nonfinancial assets | 4,000 | - | 4,000 |
| Rental income | 146,350 | - | 146,350 |
| Miscellaneous income and sales | 172,307 | - | 172,307 |
| Net assets released from restrictions | 650,960 | (650,960) | - |
| Total support income and revenue | 3,075,862 | 155,474 | 3,231,336 |
| Expenses | | | |
| Program services: | | | |
| Summer camp | 1,324,232 | - | 1,324,232 |
| Environmental education | 634,568 | - | 634,568 |
| Community programs | 668,115 | - | 668,115 |
| Community supported agriculture | 307,320 | - | 307,320 |
| Facility rentals | 155,241 | - | 155,241 |
| Resident intern program | 153,790 | - | 153,790 |
| Animal husbandry | 70,049 | - | 70,049 |
| Total program services | 3,313,315 | - | 3,313,315 |
| Supporting services: | | | |
| Administration | 475,181 | - | 475,181 |
| Fund development | 445,395 | - | 445,395 |
| Total supporting services | 920,576 | - | 920,576 |
| Total expenses | 4,233,891 | - | 4,233,891 |
| Change in net assets from operations | (1,158,029) | 155,474 | (1,002,555) |
| Non-operating changes: | | | |
| Employee retention tax credit | 437,474 | - | 437,474 |
| Investment return, net | 558,763 | 124,498 | 683,261 |
| Endowment contributions | - | 59,366 | 59,366 |
| Total non-operating changes | 996,237 | 183,864 | 1,180,101 |
| Change in Net Assets | (161,792) | 339,338 | 177,546 |
| Net Assets, August 31, 2022 | 14,800,605 | 1,904,906 | 16,705,511 |
| Net Assets, August 31, 2023 | \$ 14,638,813 | \$ 2,244,244 | \$ 16,883,057 |

See Notes to Financial Statements

The Trust for Hidden Villa
Statement of Activities and Change in Net Assets
Year Ended August 31, 2022

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---------------------------------------|-------------------------------|----------------------------|---------------|
| Support Income and Revenue | | | |
| Contributed cash and financial assets | \$ 1,177,308 | \$ 622,657 | \$ 1,799,965 |
| Fees | 307,648 | - | 307,648 |
| Contributed nonfinancial assets | 11,325 | - | 11,325 |
| Rental income | 83,312 | - | 83,312 |
| Miscellaneous income and sales | 197,871 | - | 197,871 |
| Net assets released from restrictions | 412,468 | (412,468) | - |
| Total support income and revenue | 2,189,932 | 210,189 | 2,400,121 |
| Expenses | | | |
| Program services: | | | |
| Summer camp | 1,194,542 | - | 1,194,542 |
| Environmental education | 686,929 | - | 686,929 |
| Community programs | 453,393 | - | 453,393 |
| Community supported agriculture | 339,970 | - | 339,970 |
| Facility rentals | 250,217 | - | 250,217 |
| Resident intern program | 201,863 | - | 201,863 |
| Animal husbandry | 22,066 | - | 22,066 |
| Total program services | 3,148,980 | - | 3,148,980 |
| Supporting services: | | | |
| Administration | 732,102 | - | 732,102 |
| Fund development | 493,376 | - | 493,376 |
| Total supporting services | 1,225,478 | - | 1,225,478 |
| Total expenses | 4,374,458 | - | 4,374,458 |
| Change in net assets from operations | (2,184,526) | 210,189 | (1,974,337) |
| Non-operating changes: | | | |
| Gain on note forgiveness | 489,055 | - | 489,055 |
| Employee retention tax credit | 337,287 | - | 337,287 |
| Endowment contributions | - | 169,336 | 169,336 |
| Investment loss, net | (698,419) | (122,208) | (820,627) |
| Total non-operating changes | 127,923 | 47,128 | 175,051 |
| Change in Net Assets | (2,056,603) | 257,317 | (1,799,286) |
| Net Assets, August 31, 2021 | 16,857,208 | 1,647,589 | 18,504,797 |
| Net Assets, August 31, 2022 | \$ 14,800,605 | \$ 1,904,906 | \$ 16,705,511 |

See Notes to Financial Statements

**The Trust for Hidden Villa
Statement of Functional Expenses
Year Ended August 31, 2023**

| | Summer Camp | Environmental Education | Community Programs | Community Supported Agriculture | Facility Rentals | Residential Intern Program | Animal Husbandry | Total Program Services |
|---------------------------------------|---------------------|----------------------------|-----------------------|---------------------------------------|---------------------|----------------------------------|---------------------|------------------------------|
| Salaries and related expenses | \$ 609,763 | \$ 399,732 | \$ 337,872 | \$ 243,499 | \$ 64,231 | \$ 86,302 | \$ 300 | \$ 1,741,699 |
| Professional fees | 163,836 | 17,621 | 23,633 | 541 | 8,161 | 7,061 | 22,454 | 243,307 |
| Facilities | 207,422 | 54,262 | 112,492 | 9,190 | 7,012 | 8,013 | 106 | 398,497 |
| Program supplies | 44,786 | 9,946 | 13,959 | 18,268 | 1,326 | 564 | 24,835 | 113,684 |
| Insurance | 173,606 | 47,222 | 94,761 | 6,176 | 8,435 | 7,341 | - | 337,541 |
| In-kind expenses | - | - | - | - | - | - | - | - |
| Office expenses | 12,336 | 22,117 | 10,283 | 7,364 | 6,487 | 5,333 | 210 | 64,130 |
| Information technology | 13,440 | 20,969 | 26,732 | 5,167 | 5,167 | 4,139 | 1,470 | 77,084 |
| Advertising and marketing | 32,981 | 12,191 | 17,535 | 1,929 | 1,170 | 2,146 | - | 67,952 |
| Bank and service fees | 15,506 | 2,012 | 3,599 | 3,754 | 3,392 | 150 | 1,669 | 30,082 |
| Travel | 4,189 | 644 | 1,020 | 25 | - | 650 | 183 | 6,711 |
| Total expenses before depreciation | 1,277,865 | 586,716 | 641,886 | 295,913 | 105,381 | 121,699 | 51,227 | 3,080,687 |
| Depreciation | 46,367 | 47,852 | 26,229 | 11,407 | 49,860 | 32,091 | 18,822 | 232,628 |
| Total expenses | <u>\$ 1,324,232</u> | <u>\$ 634,568</u> | <u>\$ 668,115</u> | <u>\$ 307,320</u> | <u>\$ 155,241</u> | <u>\$ 153,790</u> | <u>\$ 70,049</u> | <u>\$ 3,313,315</u> |
| Percent of Total Expenses | <u>31%</u> | <u>15%</u> | <u>16%</u> | <u>7%</u> | <u>4%</u> | <u>4%</u> | <u>1%</u> | <u>78%</u> |

See Notes to Financial Statements

The Trust for Hidden Villa
Statement of Functional Expenses (continued)
Year Ended August 31, 2023

| | Total Program Services | Administration | Fund Development | Total Support Services | Total |
|------------------------------------|------------------------------|-------------------|---------------------|------------------------------|---------------------|
| Salaries and related expenses | \$ 1,741,699 | \$ 334,449 | \$ 304,068 | \$ 638,517 | \$ 2,380,216 |
| Professional fees | 243,307 | 62,301 | 34,525 | 96,826 | 340,133 |
| Facilities | 398,497 | 13,819 | 7,626 | 21,445 | 419,942 |
| Program supplies | 113,684 | - | - | - | 113,684 |
| Insurance | 337,541 | 9,211 | 6,176 | 15,387 | 352,928 |
| In-kind expenses | - | 4,000 | - | 4,000 | 4,000 |
| Office expenses | 64,130 | 11,472 | 11,484 | 22,956 | 87,086 |
| Information technology | 77,084 | 11,072 | 15,411 | 26,483 | 103,567 |
| Advertising and marketing | 67,952 | 2,361 | 37,645 | 40,006 | 107,958 |
| Bank and service fees | 30,082 | 7,801 | 2,939 | 10,740 | 40,822 |
| Travel | 6,711 | 1,003 | 439 | 1,442 | 8,153 |
| Total expenses before depreciation | 3,080,687 | 457,489 | 420,313 | 877,802 | 3,958,489 |
| Depreciation | 232,628 | 17,692 | 25,082 | 42,774 | 275,402 |
| Total expenses | <u>\$ 3,313,315</u> | <u>\$ 475,181</u> | <u>\$ 445,395</u> | <u>\$ 920,576</u> | <u>\$ 4,233,891</u> |
| Percent of Total Expenses | <u>78%</u> | <u>11%</u> | <u>11%</u> | <u>22%</u> | <u>100%</u> |

See Notes to Financial Statements

**The Trust for Hidden Villa
Statement of Functional Expenses
Year Ended August 31, 2022**

| | Summer Camp | Environmental Education | Community Programs | Community Supported Agriculture | Facility Rentals | Residential Intern Program | Animal Husbandry | Total Program Services |
|---------------------------------------|----------------|----------------------------|-----------------------|---------------------------------------|---------------------|----------------------------------|---------------------|------------------------------|
| Salaries and related expenses | \$ 546,610 | \$ 459,647 | \$ 215,189 | \$ 241,526 | \$ 106,231 | \$ 127,297 | \$ - | \$ 1,696,500 |
| Professional fees | 61,939 | 3,797 | 8,719 | 12,600 | 485 | 17,320 | - | 104,860 |
| Facilities | 190,912 | 46,386 | 64,517 | 195 | 35,953 | 2,408 | - | 340,371 |
| Program supplies | 69,037 | 23,175 | 24,829 | 31,924 | 5,023 | 2,662 | - | 156,650 |
| Insurance | 163,973 | 40,844 | 56,766 | - | 31,642 | 2,142 | - | 295,367 |
| In-kind expenses | - | - | - | 3,700 | - | - | 1,400 | 5,100 |
| Office expenses | 26,361 | 11,864 | 10,337 | 12,814 | 2,442 | 2,329 | - | 66,147 |
| Information technology | 25,070 | 11,202 | 8,534 | 9,516 | 1,545 | 1,925 | - | 57,792 |
| Advertising and marketing | 38,243 | 37,188 | 34,643 | 10,071 | 10,181 | 10,152 | - | 140,478 |
| Bank and service fees | 21,689 | 992 | 5,705 | 3,767 | 2,645 | - | - | 34,798 |
| Interest | - | - | - | - | - | - | - | - |
| Travel | 3,359 | 2,594 | 477 | 22 | 1,870 | 1,276 | - | 9,598 |
| Total expenses before depreciation | 1,147,193 | 637,689 | 429,716 | 326,135 | 198,017 | 167,511 | 1,400 | 2,907,661 |
| Depreciation | 47,349 | 49,240 | 23,677 | 13,835 | 52,200 | 34,352 | 20,666 | 241,319 |
| Total expenses | \$ 1,194,542 | \$ 686,929 | \$ 453,393 | \$ 339,970 | \$ 250,217 | \$ 201,863 | \$ 22,066 | \$ 3,148,980 |
| Percent of Total Expenses | 27% | 16% | 10% | 8% | 6% | 5% | 1% | 72% |

See Notes to Financial Statements

The Trust for Hidden Villa
Statement of Functional Expenses (continued)
Year Ended August 31, 2022

| | Total Program Services | Administration | Fund Development | Total Support Services | Total |
|------------------------------------|------------------------------|----------------|---------------------|------------------------------|--------------|
| Salaries and related expenses | \$ 1,696,500 | \$ 432,117 | \$ 385,626 | \$ 817,743 | \$ 2,514,243 |
| Professional fees | 104,860 | 201,057 | 12,758 | 213,815 | 318,675 |
| Facilities | 340,371 | 5,953 | 6,190 | 12,143 | 352,514 |
| Program supplies | 156,650 | 9,636 | 9,633 | 19,269 | 175,919 |
| Insurance | 295,367 | 5,202 | 5,447 | 10,649 | 306,016 |
| In-kind expenses | 5,100 | 6,225 | - | 6,225 | 11,325 |
| Office expenses | 66,147 | 14,104 | 13,035 | 27,139 | 93,286 |
| Information technology | 57,792 | 10,333 | 12,533 | 22,866 | 80,658 |
| Advertising and marketing | 140,478 | 2,027 | 37,966 | 39,993 | 180,471 |
| Bank and service fees | 34,798 | 7,795 | 3,152 | 10,947 | 45,745 |
| Interest | - | 1,413 | - | 1,413 | 1,413 |
| Travel | 9,598 | 3,075 | 97 | 3,172 | 12,770 |
| Total expenses before depreciation | 2,907,661 | 698,937 | 486,437 | 1,185,374 | 4,093,035 |
| Depreciation | 241,319 | 33,165 | 6,939 | 40,104 | 281,423 |
| Total expenses | \$ 3,148,980 | \$ 732,102 | \$ 493,376 | \$ 1,225,478 | \$ 4,374,458 |
| Percent of Total Expenses | 72% | 17% | 11% | 28% | 100% |

See Notes to Financial Statements

The Trust for Hidden Villa Statements of Cash Flows

| | Years Ended August 31, | |
|---|------------------------|----------------|
| | 2023 | 2022 |
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 177,546 | \$ (1,799,286) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 275,402 | 281,423 |
| Unrealized (gain) loss on investments | (500,615) | 1,998,150 |
| Realized (gain) loss on investments | 101,276 | (817,695) |
| Investment interest and dividends | (250,100) | (359,828) |
| Amortization of operating lease right of use assets | 6,510 | - |
| Endowment interest and dividends | 47,757 | 52,105 |
| Proceeds from endowment contributions | - | (169,336) |
| Net gain on note forgiveness | - | (484,800) |
| Changes in operating assets and liabilities: | | |
| Grants and pledges receivable | (1,800) | (30,800) |
| Other receivables | 155,586 | (155,476) |
| Prepaid expenses and other current assets | 70,315 | (88,931) |
| Accounts payable | (28,910) | 3,280 |
| Accrued expenses and other liabilities | (9,265) | (9,462) |
| Deferred revenue | 26,637 | 14,043 |
| Operating lease liabilities | (6,336) | - |
| Net cash provided by (used in) operating activities | 64,003 | (1,566,613) |
| Cash Flows from Investing Activities | | |
| Proceeds on sale of investments | 7,201,585 | 8,378,517 |
| Purchase of investments | (6,512,745) | (6,544,041) |
| Purchase of property and equipment | (24,303) | (73,410) |
| Net cash provided by investing activities | 664,537 | 1,761,066 |
| Cash Flows from Financing Activities | | |
| Endowment interest and dividends | (47,757) | (52,105) |
| Proceeds from note payable | - | 169,336 |
| Net cash (used in) provided by financing activities | (47,757) | 117,231 |
| Net Increase in Cash and Cash Equivalents | 680,783 | 311,684 |
| Cash and Cash Equivalents, beginning of year | 419,947 | 108,263 |
| Cash and Cash Equivalents, end of year | \$ 1,100,730 | \$ 419,947 |
| Supplemental Schedule of Non-Cash Investing and Financing Activities | | |
| Capitalization of operating lease right of use assets and lease liabilities upon adoption of new accounting lease standard (Note 2) | \$ 23,673 | \$ - |

See Notes to Financial Statements

The Trust for Hidden Villa

Notes to Financial Statements

1. Organization and Nature of Activities

Organization:

The Trust for Hidden Villa (Hidden Villa) was founded by Frank and Josephine Duveneck, who purchased the land in 1924 and offered it as a gathering place for discussion, reflection, and incubation of social reform. Over the following decades, the Duvenecks established the first Hostel on the Pacific Coast (1937), the first multiracial summer camp (1945), and Hidden Villa's Environmental Education Program (1970). Hidden Villa was established as a nonprofit in 1960 and is supported by contribution from individuals, foundations and corporations throughout the Bay Area.

The Trust for Hidden Villa's mission is to foster educational experiences that build connections and inspire a deeper appreciation and respect for nature, food and one another. Stretching over 1,600 acres of open space in the foothills of the Santa Cruz Mountains, about 40 miles south of San Francisco, Hidden Villa's vision is a sustainable, healthy and just future for all.

Nature of Activities:

Hidden Villa's program activities are categorized based on the following seven initiatives:

Summer Camp: Builds relationships among youth from diverse socio-economic and cultural backgrounds for shared activities in Hidden Villa's unique environment. (1,000 participants annually).

Environmental Education Program: Teaches elementary through high school students key concepts of ecology and environmental stewardship through experiences on the farm and in the wilderness. Hidden Villa's teaching techniques and strategies are unique, striking a balance between scientific investigation and feelings of wonder, awareness, appreciation, and fun. (10,000+ students, teachers and parents participate annually).

Community Programs: Provides workshops and forums for families and individuals interested in sustainable practices, animal husbandry and nature. (2,000 participants and 10,000 casual visitors annually).

Community Supported Agriculture Program: Brings seasonal vegetable, fruit, and flower bounty to local families: 75% provides neighborhood shareholders and market goers with fresh, organic produce and 25% is donated to the Community Service Agency of Mountain View for distribution to its local food pantry clients.

The Trust for Hidden Villa

Notes to Financial Statements

1. Organization and Nature of Activities (continued)

Nature of Activities: (continued)

Facility Rentals: Includes the hostel, Josephine's Retreat, where groups and individuals stay, and the Dana Center and Duveneck House for large and small events and meetings.

Resident Intern Program: Provides training for people interested in environmental education, community programs, non-profit management, social justice, organic farming and animal husbandry.

Animal Husbandry: Demonstrates sustainable means of animal agriculture wherein, animal welfare and land stewardship are paramount for a working farm. Cows, sheep, chickens, goats, pigs, and seasonal turkey provide broad educational resources and real-world, hands-on learning opportunities for Hidden Villa's program participants and for casual visitors.

Hidden Villa's constituents cover a wide spectrum of age, physical ability, geography, ethnicity, cultural and socio-economic backgrounds. Hidden Villa's organic farm, rustic barns, newer sustainable structures and pristine riparian, woodland and chaparral wilderness provide opportunities to experience the beauty of Hidden Villa's local environment.

2. Significant Accounting Policies

Basis of Presentation:

Hidden Villa presents its financial statements on the accrual method of accounting under accounting principles generally accepted in the United States of America (GAAP).

Hidden Villa segregates its assets, liabilities and operations into two categories: without donor restrictions and with donor restrictions. Hidden Villa's net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions consist of net assets for which there are no donor-imposed restrictions or such donor-imposed restrictions were temporary and expired during the current or previous periods. Net assets designated for specific purposes by the Board of Trustees (the Board) are classified as without donor restrictions.

The Trust for Hidden Villa

Notes to Financial Statements

2. Significant Accounting Policies (continued)

Basis of Presentation: (continued)

Net assets with donor restrictions consist of amounts receivable or received that are restricted for specific purposes or for subsequent periods. Some contributions received from donors may be required to be maintained in perpetuity and recorded as endowment assets (the Endowment), while others expire over time or when the donor-imposed restrictions are satisfied. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions.

Hidden Villa accounts for donor restricted Endowment in accordance with Topic 958, *Not-for-Profit Entities*, subject to the state of California Uniform Prudent Management of Institutional Funds Act (UPMIFA) (Note 6).

Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of support, income and expenses in the financial statements and related disclosures. Actual results could differ from those estimates.

Revenue Recognition:

Hidden Villa recognizes revenue from its revenue-generating activities under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* (Topic 606). Hidden Villa determines revenue recognition through the following steps:

- Identification of the grant or contract with a grantor or customer
- Identification of the performance obligations in the grant or contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the grant or contract
- Recognition of revenue when, or as, Hidden Villa satisfies a performance obligation

Fee, rental income and event revenue are recognized in the year the program is held, or the rental period or event occurs.

Membership fees for community supported agriculture are recognized ratably over a six-month period.

The Trust for Hidden Villa

Notes to Financial Statements

2. Significant Accounting Policies (continued)

Contribution Revenue:

Hidden Villa recognizes contributions and promises in accordance with FASB ASC 958-605, *Revenue Recognition for Not-for-Profit Organizations*. GAAP require contributions received, including unconditional promises to give (pledges), be recognized as support in the period the pledge is made. GAAP also requires Hidden Villa to distinguish between contributions and pledges received that increase net assets without donor restrictions and net assets with donor restrictions, with recognition being made of expiration of donor-imposed restrictions in the period in which the restrictions expire.

Contributed Nonfinancial Assets:

Donated goods are recorded at the estimated fair value at the date of donation. Donated goods valued \$4,000 in fiscal year 2023 (\$11,325 in fiscal year 2022), were determined based on the estimated retail value of the goods. The donated goods were used to carry out the mission of Hidden Villa. All contributed nonfinancial assets received by Hidden Villa in fiscal year 2023 and 2022 were considered without donor restrictions and able to be used by Hidden Villa as determined by the Board and management.

Donated services are recognized as contributions at their fair value if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by individuals possessing those skills, and would otherwise be purchased by Hidden Villa if not donated. Donated services were not material for the years ended August 31, 2023 and 2022.

Deferred Revenue:

Amounts received for services or events not yet provided are classified as deferred revenue, which is a contract liability, and are recognized in the period in which the service is provided or the event takes place. Deferred revenue was \$91,334 and \$64,697 at August 31, 2023 and 2022, respectively (\$50,654 at August 31, 2021).

Cash and Cash Equivalents:

Hidden Villa considers all short-term, highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

The Trust for Hidden Villa

Notes to Financial Statements

2. Significant Accounting Policies (continued)

Investments and Investment Return, net:

Investments are presented at fair value based on prices quoted on established securities exchanges. Investment net return (loss) represents interest and dividends earned and net investment gains and losses, less external and direct internal investment-related expenses. Dividend and interest income is recognized when earned. Realized gains and losses on investments are calculated as the difference between proceeds received and their original cost. Unrealized gains and losses represent the difference between the fair value of investments at year end and their cost basis, if purchased during the year, or their fair value at the beginning of the year. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized.

Concentration of Credit Risk and Major Donors:

Financial instruments, which potentially subject Hidden Villa to concentration of credit risk, consist primarily of cash and cash equivalents, investments, and pledges receivable. Hidden Villa maintains its cash and cash equivalent deposits with two domestic financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures deposits up to \$250,000 at each institution. From time to time, cash and cash equivalents held with the financial institutions exceeded the amount insured. Management believes its cash and cash equivalent deposits are not exposed to significant risk. Hidden Villa has not experienced any losses on its cash and cash equivalents through August 31, 2023.

Hidden Villa maintains investments principally at a major domestic brokerage firm. The Securities Investor Protection Corporation (SIPC) insures these investments up to \$250,000. At August 31, 2023 and 2022, investments exceeded the insured amount. Hidden Villa has not experienced any losses on its investments through August 31, 2023 outside of normal investment market activity.

Pledges receivable are unsecured; however, Hidden Villa provides an allowance, as needed, for losses arising from uncollectible receivables based upon the historical collection experience and management's evaluation of collectability of outstanding balances. Hidden Villa considers its receivables to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary at August 31, 2023 and 2022.

Major donors are defined as donors contributing over 10% of Hidden Villa's annual support. Hidden Villa had one major donor in fiscal 2023 (one in fiscal 2022). Funding from this donor accounted for 16% of total support in fiscal 2023 (28% of total support in fiscal 2022). There was no pledge receivable from the major donor at August 31, 2023 (none at August 31, 2022). Hidden Villa does not believe it is dependent on any one individual donor in the long-term.

The Trust for Hidden Villa

Notes to Financial Statements

2. Significant Accounting Policies (continued)

Property and Equipment:

Hidden Villa capitalizes property and equipment in excess of \$5,000. Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at estimated fair value on the date of donation. Hidden Villa depreciates property and equipment using the straight-line method over the estimated useful lives of the assets, ranging from five to ten years for computer, software, vehicles, and furniture and equipment, and thirty years for buildings. Property and equipment are not depreciated until placed in service.

Operating Leases:

Prior to September 1, 2022, Hidden Villa accounted for its equipment operating leases under FASB ASC Topic 840, *Leases* (Topic 840) on a straight-line basis over the lease term.

Effective September 1, 2022 (the Adoption Date), Hidden Villa adopted FASB ASC Topic 842, *Leases* (Topic 842), which requires all entities that lease assets with terms of greater than twelve months to capitalize the assets and related liabilities on the statement of financial position, which had not previously required capitalization under Topic 840. Leases are classified as either an operating or finance lease under Topic 842, with classification affecting the pattern of expense recognition in operations.

Hidden Villa adopted Topic 842 using a modified retrospective approach for its two equipment leases at the Adoption Date. As a result, information related to leases at and for the fiscal year ended August 31, 2023 are presented under Topic 842, while fiscal 2021 amounts have not been adjusted and continue to be reported under the accounting guidance in Topic 840.

Hidden Villa used practical expedients under Topic 842 that allowed it to not reassess existing leases or lease classifications and to not use hindsight in determining the lease terms or initial direct costs and to use hindsight in determining the lease terms. Hidden Villa has also elected an accounting policy to not capitalize assets with a lease term of twelve months or less if the underlying lease does not provide an option to purchase the assets at the end of the lease term or an option to extend the lease longer than twelve months that management was not reasonably certain to exercise at the Adoption Date or subsequent lease commencement date. As a result of the practical expedients, there was no adjustment to net assets required at the Adoption Date.

The adoption of Topic 842 resulted in the recording of operating lease right of use (ROU) assets operating lease liabilities of \$23,673 at the Adoption Date for its leased equipment (Note 8).

The Trust for Hidden Villa

Notes to Financial Statements

2. Significant Accounting Policies (continued)

Operating Leases: (continued)

A ROU asset represents the right to use a specified asset for the stated lease term, and a lease liability represents the legal obligation to make lease payments. A ROU asset and liability are recognized at the Adoption Date or subsequent lease commencement date based on the present value of lease payments over the expected lease term. Hidden Villa uses the implicit interest rate in a lease when it is readily determinable. Since most operating leases do not provide the lessor's implicit interest rate to determine the present value of lease payments, management has elected an accounting policy election to use the risk-free discount rate for a period comparable to the lease term in the application of Topic 842 based on the information available at the Adoption Date or subsequent lease commencement date. A ROU asset also includes any lease payments previously made and excludes any landlord lease incentives offered in the lease.

Accounting for Impairment of Long-Lived Assets:

Long-lived assets consist of property and equipment, ROU assets, and donated artwork that is recorded at the donated fair value. The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of their carrying cost or fair value less cost to sell. Hidden Villa did not recognize an impairment loss in fiscal 2023 or 2022.

Income Taxes:

Hidden Villa is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (the Code), as an organization described in Section 501(c)(3) of the Code, and from California income taxes under Section 23701(d) of the California Revenue and Taxation Code. Although Hidden Villa is recognized as tax exempt, it is still liable for income tax on any unrelated business taxable income (UBTI). Hidden Villa does not believe it has UBTI that would have resulted in a material income tax liability.

Hidden Villa applies the provisions set forth in FASB ASC Topic 740, *Income Taxes*, to account for the uncertainty in income taxes. Hidden Villa has assessed all income tax positions taken where the statute of limitations remains open. Hidden Villa believes its tax filing positions will be sustained upon tax examinations; therefore, no liability for unrecognized income tax benefits has been recorded at August 31, 2023 or 2022. Hidden Villa does not anticipate any significant increases or decreases to unrecognized income tax benefits during the next twelve months.

The Trust for Hidden Villa
Notes to Financial Statements

2. Significant Accounting Policies (continued)

Advertising Costs:

Advertising costs are expensed in the year incurred. Advertising costs were not material in fiscal 2023 or 2022.

Statement of Functional Expenses:

The cost of providing the various program and supporting services have been summarized on a functional basis in the statements of functional expenses. Direct expenses are allocated based on the related program or service benefited. Indirect expenses are generally allocated to programs and supporting services based on the time spent by employees and participants in specific departments. Indirect expenses, such as salaries and benefits, professional fees, depreciation, and information technology are allocated based on the number of employees and interns in each department.

3. Liquidity and Availability of Resources

The table below represents assets available for general expenditures within one year at August 31:

| | <u>2023</u> | <u>2022</u> |
|--------------------------------|------------------|------------------|
| Cash and cash equivalents | \$ 1,100,730 | \$ 419,947 |
| Pledges receivable | 28,600 | 18,200 |
| Other receivables | 2,556 | 158,142 |
| Investments held for endowment | <u>7,155,689</u> | <u>7,195,090</u> |
| | 8,287,575 | 7,791,379 |

Less amounts not available to be used within one year:

| | | |
|---|-------------------|------------------|
| Board designated net assets, net of amounts appropriated for expenditure (Note 6) | 5,636,663 | 5,819,936 |
| Endowment funds restricted in perpetuity (Note 9) | 950,902 | 891,536 |
| Accumulated earnings on endowment funds (Note 6) | 565,237 | 483,618 |
| Funds restricted for purpose by donor (Note 7) | <u>728,105</u> | <u>529,752</u> |
| | <u>\$ 406,668</u> | <u>\$ 66,537</u> |

The Trust for Hidden Villa
Notes to Financial Statements

3. Liquidity and Availability of Resources (continued)

Management monitors liquidity and the availability of Hidden Villa’s resources on an ongoing basis to ensure adherence to donor restrictions, contractual commitments and legal requirements for the use of funds. Hidden Villa has certain donor-restricted assets limited to use for camp operations that are not available for general operations. Accordingly, these assets have been identified as not available for general expenditure within one year.

The endowment fund contributions and earnings must be restricted permanently in accordance with explicit donor stipulations.

Board designated funds are not intended to be used for annual operating expenses and are not included in funds available to meet general expenditures over the next year. However, the Board may, upon the vote of its members, make available some or all of the cash reserve fund for general expenditure needs at any time to meet the Foundation to meet its general expenditures.

4. Property and Equipment

Property and equipment consists of the following at August 31:

| | <u>2023</u> | <u>2022</u> |
|---------------------------------|---------------------|---------------------|
| Buildings and land improvements | \$ 6,724,369 | \$ 6,724,369 |
| Land | 6,385,143 | 6,385,143 |
| Software | 446,114 | 446,114 |
| Vehicles | 174,548 | 176,773 |
| Furniture and equipment | 164,398 | 143,689 |
| Construction in progress | 24,091 | 49,817 |
| Livestock | <u>5,000</u> | <u>5,000</u> |
| | 13,923,663 | 13,930,905 |
| Accumulated depreciation | <u>(5,665,837)</u> | <u>(5,421,980)</u> |
| | <u>\$ 8,257,826</u> | <u>\$ 8,508,925</u> |

The Trust for Hidden Villa
Notes to Financial Statements

5. Fair Value Measurement

Hidden Villa categorizes its assets or liabilities into a three-level hierarchy prioritizing the inputs used in valuation techniques for determining fair value of assets or liabilities and making disclosures about fair value measurement. Hidden Villa defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The inputs or methodology used for valuing assets or liabilities are not necessarily an indication of the risk associated with those assets or liabilities.

The three-level hierarchy for fair value measurement is defined as follows:

Level I: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level II: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level III: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

An asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Investments are valued at quoted market prices, classified at Level I under the fair value hierarchy and consist of the following at August 31:

| | <u>2023</u> | <u>2022</u> |
|---------------------------------|---------------------|---------------------|
| Domestic equity securities | \$ 2,447,532 | \$ 2,705,626 |
| International equity securities | 1,344,110 | 1,479,129 |
| Emerging markets equity funds | 575,241 | 672,412 |
| Money market funds | 343,710 | 352,100 |
| Domestic real estate funds | 197,330 | 217,758 |
| Commodities funds | 485,028 | 576,685 |
| Treasury bills | 1,762,737 | - |
| Domestic fixed income funds | - | 651,193 |
| Inflation linked securities | - | 540,187 |
| | <u>-</u> | <u>-</u> |
| Total | <u>\$ 7,155,688</u> | <u>\$ 7,195,090</u> |

The Trust for Hidden Villa

Notes to Financial Statements

6. Endowment

Hidden Villa's Board has interpreted the UPMIFA as requiring the preservation, in perpetuity, of the fair value of the original gift as of the gift date of the Endowment absent explicit donor stipulations to the contrary. As a result of this interpretation, Hidden Villa classifies as donor restricted net assets in perpetuity: (a) the original value of gifts donated to the Endowment, (b) the original value of subsequent gifts to the Endowment, and (c) accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the gift is added. The excess of the Endowment's fair value over its corpus available to support Hidden Villa is classified as net assets with donor time restrictions until those amounts are appropriated for expenditure by the Board in a manner consistent with the standard of prudence prescribed by UPMIFA. Once appropriated, these amounts are classified as net assets without donor restrictions.

In accordance with UPMIFA, Hidden Villa considers the following factors in making a determination to appropriate or accumulate Endowment funds as net assets with donor restrictions:

- (1) The duration and preservation of the Endowment;
- (2) The purposes of Hidden Villa and the Endowment;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of Hidden Villa;
- (7) The investment policies of Hidden Villa;
- (8) Reserves to cover partial self-insurance for fire.

Hidden Villa's Board monitors the portfolio's investment performance (net of fees) against a composite benchmark consisting of the following unmanaged market indices weighted according to the expected target asset allocations stipulated by the Endowment's investment guidelines:

- a) Domestic equity: S&P 500 Index and MSCI US Mid/Small Cap 2000 Index
- b) International equity: MSCI EAFE Index and MSCI Emerging Market Index
- c) Fixed income: Barclays Aggregate Intermediate Bond Index and Merrill Lynch US TIPS Index
- d) Real Estate: Dow Jones Wilshire US REIT Index
- e) Commodities/Natural Resources: Dow Jones AIG Commodity Index and Dow Jones UBS Gold Index

The Trust for Hidden Villa

Notes to Financial Statements

6. Endowment (continued)

Investment Strategy:

Hidden Villa has adopted investment and spending policies for Endowment assets that attempt to maximize total return consistent with an acceptable level of risk. The goal is to produce a growing level of income and principal to ensure the funding for the activities supported by the Endowment can be maintained in the face of inflation.

Endowment assets are invested in a diversified asset mix, which includes equity and debt securities. Investment risk is measured in terms of the total Endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the funds to unacceptable levels of risk.

Hidden Villa has a policy of appropriating for distribution each year of up to 4.5% of the funds held in perpetuity, as well as the funds held in the Board-designated endowment funds, based on the Endowment's average fair value using a smoothing formula which applies the current spend rate to the average Endowment valuation from the prior three years. In establishing this policy, Hidden Villa considers the long-term expected return on its investment assets and the nature and duration of the individual Endowment funds and relies on a total return strategy in which investment returns are achieved through both realized and unrealized capital appreciation and current yield, such as interest and dividends.

The Trust for Hidden Villa
Notes to Financial Statements

6. Endowment (continued)

Investment Strategy: (continued)

Changes in the Endowment are as follows:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total Endowment Net Assets</u> |
|---|---|--|---|
| Balance, August 31, 2021 | \$ 7,859,457 | \$ 1,360,526 | \$ 9,219,983 |
| Contributions | - | 169,336 | 169,336 |
| Interest and dividend income | 299,957 | 52,105 | 352,062 |
| Realized gain on endowment assets | 635,502 | 110,392 | 745,894 |
| Unrealized loss on endowment assets | (1,639,081) | (284,705) | (1,923,786) |
| Board designated net asset transfers to undesignated net assets | (1,024,399) | - | (1,024,399) |
| Appropriated for expenditure | <u>(311,500)</u> | <u>(32,500)</u> | <u>(344,000)</u> |
| Balance, August 31, 2022 | 5,819,936 | 1,375,154 | 7,195,090 |
| Contributions | - | 59,366 | 59,366 |
| Interest and dividend income | 202,281 | 47,757 | 250,038 |
| Realized gain on endowment assets | (79,997) | (18,887) | (98,884) |
| Unrealized gain on endowment assets | 404,824 | 92,959 | 497,783 |
| Board designated net asset transfers to to undesignated net assets | (400,000) | - | (400,000) |
| Appropriated for expenditure | <u>(310,381)</u> | <u>(40,210)</u> | <u>(350,591)</u> |
| Balance, August 31, 2023 | <u>\$ 5,636,663</u> | <u>\$ 1,516,139</u> | <u>\$ 7,152,802</u> |

The Trust for Hidden Villa
Notes to Financial Statements

6. Endowment (continued)

Endowment net assets composition by type of fund at August 31, 2023:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total Endowment Net Assets</u> |
|---|---|--|---|
| Board-designated endowment funds | \$ 5,636,663 | \$ - | \$ 5,636,663 |
| Original donor restricted gift amounts required to be maintained in perpetuity by donor | - | 950,902 | 950,902 |
| Accumulated investment gains | <u>-</u> | <u>565,237</u> | <u>565,237</u> |
| | <u>\$ 5,636,663</u> | <u>\$ 1,516,139</u> | <u>\$ 7,152,802</u> |

Endowment net assets composition by type of fund at August 31, 2022:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total Endowment Net Assets</u> |
|---|---|--|---|
| Board-designated endowment funds | \$ 5,819,936 | \$ - | \$ 5,819,936 |
| Original donor restricted gift amounts required to be maintained in perpetuity by donor | - | 891,536 | 891,536 |
| Accumulated investment gains | <u>-</u> | <u>483,618</u> | <u>483,618</u> |
| | <u>\$ 5,819,936</u> | <u>\$ 1,375,154</u> | <u>\$ 7,195,090</u> |

The Trust for Hidden Villa

Notes to Financial Statements

7. Notes Payable

In January 2021, Hidden Villa entered into an unsecured promissory note (the 2021 Note) for \$484,800, pursuant to the Paycheck Protection Act Program (PPP) set forth in under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). Under the terms of the 2021 Note, repayment was deferred for the first ten months and borrowings bore interest at 1.0%. Proceeds from the 2021 Note were restricted to payment of employee salaries and utility costs, as set forth in the CARES Act and as further defined by the U.S. Small Business Administration (SBA). Note proceeds were subject to forgiveness to the extent they have been spent on qualifying expenses during a specified period, as defined. Hidden Villa received forgiveness from the SBA for the full amount of the 2021 Note and accrued interest of \$4,255 in December 2021, which was reported as a gain on note forgiveness in the fiscal 2022 statement of activities and change in net assets.

In connection with the forgiveness of the PPP notes, the SBA reserves the right to challenge its decisions reached, and the resolution of the matters could result in Hidden Villa being required to repay all or a portion of the amounts forgiven, along with possible interest and penalties. In the opinion of management, Hidden Villa used reasonable judgment in requesting the PPP notes to be forgiven and its determination the requirements for forgiveness were met will be sustained further upon SBA examination.

8. Lease Commitments

Hidden Villa entered into leases for two copiers under operating lease agreements, with renewal options, which will expire in January 2026. Management will determine if the lease will be renewed at the end of its term due to the age of the copiers.

Future minimum lease payments, net of sublease income, for equipment, vehicles and facilities are as follows:

Years ending August 31,

| | | |
|--|----|----------------|
| 2024 | \$ | 7,834 |
| 2025 | | 7,834 |
| 2026 | | <u>2,612</u> |
| Total minimum lease payments | | 18,280 |
| Less amount representing interest | | <u>(943)</u> |
| Present value of operating lease liabilities | | 17,337 |
| Less current portion | | <u>(7,212)</u> |
| Noncurrent portion | \$ | <u>10,125</u> |

The Trust for Hidden Villa
Notes to Financial Statements

9. Net Assets

Net assets with donor restrictions are restricted for the following purposes or future periods at August 31:

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| Purpose restrictions: | | |
| Endowment funds available for appropriation | \$ 565,237 | \$ 483,618 |
| Scholarships | 15,000 | 147,846 |
| Programs | 172,944 | 24,809 |
| Operations | 531,196 | 348,132 |
| Capital | <u>8,965</u> | <u>8,965</u> |
| | 1,293,342 | 1,013,370 |
| Endowment funds held in perpetuity | <u>950,902</u> | <u>891,536</u> |
| | <u>\$ 2,244,244</u> | <u>\$ 1,904,906</u> |

Net assets released from donor restrictions by the passage of time or incurring expenses satisfying the restricted purposes are as follows in fiscal year:

| | <u>2023</u> | <u>2022</u> |
|-----------------|-------------------|-------------------|
| Operations | \$ 267,585 | \$ 148,218 |
| Scholarships | 157,195 | - |
| Passage of time | 115,000 | 115,000 |
| Programs | <u>70,970</u> | <u>116,750</u> |
| | <u>\$ 610,750</u> | <u>\$ 379,968</u> |

Net assets without donor restrictions are as follows at August 31:

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| Property and equipment | \$ 8,257,826 | \$ 8,508,925 |
| Donated artwork | 259,000 | 259,000 |
| Board designated net assets for endowment | 5,636,663 | 5,819,936 |
| Undesignated net assets | <u>485,326</u> | <u>212,744</u> |
| | <u>\$ 14,638,813</u> | <u>\$ 14,800,605</u> |

The Trust for Hidden Villa

Notes to Financial Statements

10. Retirement Plan

Hidden Villa has a defined contribution tax deferred savings 403(b) plan covering all eligible employees. Participants may receive discretionary matching contributions of 1.00% to 1.25% of their annual salary. There were no contributions to the plan by Hidden Villa in fiscal 2023 or 2022.

11. Self-Insurance

Hidden Villa is currently self-insured for property insurance risk in excess of \$7,700,000 of potential damages. The reduction in insurance coverage reflects trends in the property insurance field, mainly due to significant premium increases related to wildfires, and management believes this is not unique to Hidden Villa but could be material in the event of a future event.

12. Subsequent Events

Subsequent events have been evaluated through December 22, 2023, which is the date the financial statements were approved by Hidden Villa and available to be issued. No subsequent events have been identified requiring disclosure by management.