The Trust for Hidden Villa
Financial Statements
August 31, 2025 and 2024

Frank, Rimerman + Co. LLP

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

INDEPENDENT AUDITOR'S 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, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hidden Villa as of August 31, 2025 and 2024, 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 *Auditor's 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.

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 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, Rimerman & Co. LLP

San Jose, California
April 2, 2026

The Trust for Hidden Villa
Statements of Financial Position

	August 31, 2025	August 31, 2024
ASSETS		
Current Assets		
Cash	$ 288,570	$ 288,259
Pledges receivable	91,200	177,400
Other receivables	5,910	12,300
Prepaid expenses and other current assets	240,793	405,692
Short-term investments	959,129	804,706
Total current assets	1,585,602	1,688,357
Pledges Receivable, net current portion	-	40,000
Property and Equipment, net	8,143,492	8,224,450
Donated Artwork	259,000	259,000
Operating Lease Right of Use Assets, net	2,959	10,061
Investments Held for Endowment	8,321,118	7,629,511
Total assets	$ 18,312,171	$ 17,851,379
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 39,676	$ 83,345
Accrued expenses and other liabilities	79,916	96,669
Deferred revenue	85,011	103,896
Operating lease liabilities	2,588	7,538
Note payable	44,740	-
Total current liabilities	251,931	291,448
Operating lease liabilities, net of current portion	-	2,587
Total liabilities	251,931	294,035
Commitments and Contingencies (Notes 7, 9 and 10)		
Net Assets		
Without donor restrictions		
Undesignated	9,270,885	8,960,283
Designated by Board of Trustees	6,439,281	5,911,194
With donor restrictions	2,350,074	2,685,867
Total net assets	18,060,240	17,557,344
Total liabilities and net assets	$ 18,312,171	$ 17,851,379

See Notes to Financial Statements

The Trust for Hidden Villa
Statement of Activities and Change in Net Assets
Year Ended August 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support Income and Revenue			
Contributed cash and financial assets	$ 2,280,679	$ 544,183	$ 2,824,862
Fees	1,008,068	-	1,008,068
Contributed nonfinancial assets	8,900	-	8,900
Rental income	141,940	-	141,940
Miscellaneous income and sales	186,755	-	186,755
Net assets released from restrictions	1,086,374	(1,086,374)	-
Total support income and revenue	4,712,716	(542,191)	4,170,525
Expenses			
Program services:			
Summer camp	1,583,317	-	1,583,317
Environmental education	909,869	-	909,869
Community programs	205,497	-	205,497
Community supported agriculture	424,711	-	424,711
Facility rentals	285,629	-	285,629
Volunteers	129,798	-	129,798
Animal husbandry	70,682	-	70,682
Total program services	3,609,503	-	3,609,503
Supporting services:			
Administration	537,469	-	537,469
Fund development	786,171	-	786,171
Total supporting services	1,323,640	-	1,323,640
Total expenses	4,933,143	-	4,933,143
Change in net assets from operations	(220,427)	(542,191)	(762,618)
Non-operating changes:			
Investment return, net	745,257	200,432	945,689
Endowment contributions	321,994	5,966	327,960
Loss on disposal of equipment	(8,135)	-	(8,135)
Total non-operating changes	1,059,116	206,398	1,265,514
Change in Net Assets	838,689	(335,793)	502,896
Net Assets, August 31, 2024	14,871,477	2,685,867	17,557,344
Net Assets, August 31, 2025	$ 15,710,166	$ 2,350,074	$ 18,060,240

The Trust for Hidden Villa
Statement of Activities and Change in Net Assets
Year Ended August 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support Income and Revenue			
Contributed cash and financial assets	$ 1,587,400	$ 1,204,092	$ 2,791,492
Fees	943,886	-	943,886
Contributed nonfinancial assets	7,023	-	7,023
Rental income	64,779	-	64,779
Miscellaneous income and sales	182,812	-	182,812
Net assets released from restrictions	1,007,525	(1,007,525)	-
Total support income and revenue	3,793,425	196,567	3,989,992
Expenses			
Program services:			
Summer camp	1,742,582	-	1,742,582
Environmental education	922,572	-	922,572
Community programs	110,462	-	110,462
Community supported agriculture	326,046	-	326,046
Facility rentals	122,094	-	122,094
Volunteers	110,207	-	110,207
Animal husbandry	69,924	-	69,924
Total program services	3,403,887	-	3,403,887
Supporting services:			
Administration	511,093	-	511,093
Fund development	752,802	-	752,802
Total supporting services	1,263,895	-	1,263,895
Total expenses	4,667,782	-	4,667,782
Change in net assets from operations	(874,357)	196,567	(677,790)
Non-operating changes:			
Investment return, net	907,270	237,990	1,145,260
Endowment contributions	198,051	7,066	205,117
Gain on disposal of equipment	1,700	-	1,700
Total non-operating changes	1,107,021	245,056	1,352,077
Change in Net Assets	232,664	441,623	674,287
Net Assets, August 31, 2023	14,638,813	2,244,244	16,883,057
Net Assets, August 31, 2024	$ 14,871,477	$ 2,685,867	$ 17,557,344

See Notes to Financial Statements

The Trust for Hidden Villa
Statement of Functional Expenses
Year Ended August 31, 2025

	Summer Camp	Environmental Education	Community Programs	Community Supported Agriculture	Facility Rentals	Volunteers	Animal Husbandry	Total Program Services
Salaries and related expenses	$ 826,152	$ 659,214	$ 101,175	$ 316,293	$ 112,082	$ 105,298	$ 1,125	$ 2,121,339
Professional fees	192,822	1,850	6,625	-	2,795	-	13,547	217,639
Facilities	190,254	82,307	44,206	37,996	86,373	16,616	6	457,758
Program supplies	40,297	11,214	2,697	27,343	2,252	435	32,619	116,857
Insurance	194,287	47,615	12,248	6,124	15,310	3,062	-	278,646
In-kind expenses	445	186	62	65	105	27	-	890
Office expenses	14,841	7,108	741	4,776	1,271	741	1,605	31,083
Information technology	26,801	20,755	15,235	6,099	2,033	2,033	1,341	74,297
Advertising and marketing	19,171	5,829	8,216	2,299	4,968	722	15	41,220
Bank and service fees	23,504	4,330	2,471	4,736	4,541	774	1,402	41,758
Travel	1,685	10,108	858	435	90	90	114	13,380
Total expenses before depreciation	1,530,259	850,516	194,534	406,166	231,820	129,798	51,774	3,394,867
Depreciation	53,058	59,353	10,963	18,545	53,809	-	18,908	214,636
Total expenses	$ 1,583,317	$ 909,869	$ 205,497	$ 424,711	$ 285,629	$ 129,798	$ 70,682	$ 3,609,503
Percent of Total Expenses	32%	18%	4%	9%	6%	3%	1%	73%

See Notes to Financial Statements

The Trust for Hidden Villa
Statement of Functional Expenses (continued)
Year Ended August 31, 2025

	Total Program Services	Administration	Fund Development	Total Support Services	Total
Salaries and related expenses	$ 2,121,339	$ 427,284	$ 385,119	$ 812,403	$ 2,933,742
Professional fees	217,639	54,487	94,635	149,122	366,761
Facilities	457,758	6,203	15,255	21,458	479,216
Program supplies	116,857	618	920	1,538	118,395
Insurance	278,646	9,186	18,372	27,558	306,204
In-kind expenses	890	1,045	2,565	3,610	4,500
Office expenses	31,083	3,893	4,944	8,837	39,920
Information technology	74,297	9,178	17,974	27,152	101,449
Advertising and marketing	41,220	2,088	208,601	210,689	251,909
Bank and service fees	41,758	8,564	4,643	13,207	54,965
Travel	13,380	1,512	682	2,194	15,574
Total expenses before depreciation	3,394,867	524,058	753,710	1,277,768	4,672,635
Depreciation	214,636	13,411	32,461	45,872	260,508
Total expenses	$ 3,609,503	$ 537,469	$ 786,171	$ 1,323,640	$ 4,933,143
Percent of Total Expenses	73%	11%	16%	27%	100%

The Trust for Hidden Villa
Statement of Functional Expenses
Year Ended August 31, 2024

	Summer Camp	Environmental Education	Community Programs	Community Supported Agriculture	Facility Rentals	Volunteers	Animal Husbandry	Total Program Services
Salaries and related expenses	$ 882,707	$ 679,542	$ 31,914	$ 254,546	$ 24,820	$ 98,933	$ 84	$ 1,972,546
Professional fees	180,774	-	4,382	-	-	-	19,228	204,384
Facilities	294,640	73,604	21,112	8,035	20,126	3,479	7	421,003
Program supplies	36,208	8,844	1,835	24,734	764	954	22,454	95,793
Insurance	208,106	50,696	13,041	6,520	16,301	3,260	-	297,924
In-kind expenses	2,270	1,837	183	505	184	169	-	5,148
Office expenses	13,981	7,055	745	4,588	895	745	1,106	29,115
Information technology	27,104	19,677	17,344	5,743	1,915	1,915	1,833	75,531
Advertising and marketing	19,369	5,271	974	589	1,037	192	80	27,512
Bank and service fees	22,513	4,002	1,584	4,729	1,425	293	1,271	35,817
Travel	933	4,494	19	65	19	267	434	6,231
Total expenses before depreciation	1,688,605	855,022	93,133	310,054	67,486	110,207	46,497	3,171,004
Depreciation	53,977	67,550	17,329	15,992	54,608	-	23,427	232,883
Total expenses	$ 1,742,582	$ 922,572	$ 110,462	$ 326,046	$ 122,094	$ 110,207	$ 69,924	$ 3,403,887
Percent of Total Expenses	37%	20%	2%	7%	3%	2%	2%	73%

The Trust for Hidden Villa
Statement of Functional Expenses (continued)
Year Ended August 31, 2024

	Total Program Services	Administration	Fund Development	Total Support Services	Total
Salaries and related expenses	$ 1,972,546	$ 412,548	$ 541,246	$ 953,794	$ 2,926,340
Professional fees	204,384	31,582	66,214	97,796	302,180
Facilities	421,003	11,650	25,103	36,753	457,756
Program supplies	95,793	-	1,743	1,743	97,536
Insurance	297,924	9,781	19,561	29,342	327,266
In-kind expenses	5,148	1,040	835	1,875	7,023
Office expenses	29,115	3,392	3,770	7,162	36,277
Information technology	75,531	8,360	18,652	27,012	102,543
Advertising and marketing	27,512	1,502	40,675	42,177	69,689
Bank and service fees	35,817	8,416	5,959	14,375	50,192
Travel	6,231	2,375	1,208	3,583	9,814
Total expenses before depreciation	3,171,004	490,646	724,966	1,215,612	4,386,616
Depreciation	232,883	20,447	27,836	48,283	281,166
Total expenses	$ 3,403,887	$ 511,093	$ 752,802	$ 1,263,895	$ 4,667,782
Percent of Total Expenses	73%	11%	16%	27%	100%

The Trust for Hidden Villa
Statements of Cash Flows

	Years Ended August 31, 2025	2024
Cash Flows from Operating Activities		
Change in net assets	$ 502,896	$ 674,287
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	260,508	281,166
Unrealized gain on investments	(658,763)	(998,794)
Realized loss on investments	(22,986)	65,444
Investment interest and dividends	(207,757)	(170,348)
Amortization of operating lease right of use assets	7,102	7,102
Endowment interest and dividends	-	-
Contribution of endowment assets	(321,994)	(198,051)
Contribution of investments	(1,114,830)	-
Proceeds from sale of contributed investments	1,114,830	
Loss on disposal of property and equipment, net	8,135	-
Change in discount on notes payable	(7,835)	-
Changes in operating assets and liabilities:		
Pledges receivable	126,200	(178,800)
Other receivables	6,390	(9,744)
Prepaid expenses and other current assets	164,899	(121,897)
Accounts payable	(43,669)	42,291
Accrued expenses and other liabilities	(16,753)	14,092
Deferred revenue	(18,885)	12,562
Operating lease liabilities	(7,537)	(7,212)
Net cash used in operating activities	(230,049)	(587,902)
Cash Flows from Investing Activities		
Proceeds on sale of investments	6,131,699	7,370,786
Purchase of investments	(5,704,080)	(7,298,937)
Purchase of property and equipment	(187,685)	(247,790)
Net cash (used in) provided by investing activities	239,934	(175,941)
Cash Flows from Financing Activities		
Endowment interest and dividends	(56,183)	(41,562)
Contribution of endowment assets	(5,966)	(7,066)
Note payable	52,575	-
Net cash used in financing activities	(9,574)	(48,628)
Net Increase in Cash and Cash Equivalents	311	(812,471)
Cash and Cash Equivalents, beginning of year	288,259	1,100,730
Cash and Cash Equivalents, end of year	$ 288,570	$ 288,259

See 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 contributions from individuals, foundations and corporations throughout the Bay Area.

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 eight initiatives:

Summer Camp: Builds relationships among youth from diverse socio-economic and cultural backgrounds for shared activities in Hidden Villa's unique environment. (approximately 700 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. (11,000+ students, teachers and parents participate annually).

Community Programs: Provides workshops and forums for families and individuals interested in sustainable practices, animal husbandry, and nature. (approximately 5,300 participants and 11,700 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.

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.

Training Future Educators and Farmers: 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 turkeys provide broad educational resources and real-world, hands-on learning opportunities for Hidden Villa's program participants and for casual visitors.

Volunteer Department: Trains and supports volunteers in farming, gardening, trail maintenance, environmental education, communications and animal care. From harvesting organic produce for donation to guiding school groups and maintaining trails, volunteers make a lasting impact on Hidden Villa's programs and the 1,600-acre property, helping build a sustainable and engaged community. (900 volunteers).

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 in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for not-for-profit entities. U.S. GAAP requires not-for-profit organizations to segregate their 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.

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 changes 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 U.S. 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 contract with a grantor or customer
- Identification of the performance obligations in the 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

Fees, rental income and event revenue are recognized as the services are performed, 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.

2. Significant Accounting Policies (continued)

Contributed Cash and Financial Assets:

Hidden Villa recognizes contributions and promises in accordance with FASB ASC 958-605, *Revenue Recognition for Not-for-Profit Organizations*. U.S. GAAP require contributions received, including unconditional promises to give (pledges), be recognized as support in the period the pledge is made. U.S. 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.

Contributions of marketable securities are recorded at their fair value on the date received. Hidden Villa's policy is to liquidate such securities upon receipt, and the proceeds are used to support operations or invested in accordance with Hidden Villa's investment policy. Accordingly, contributions of securities are reflected as contribution revenue at the fair value of the securities on the date of donation, and any subsequent gains or losses resulting from the sale of the securities are included in investment return in the accompanying financial statements.

Contributed Nonfinancial Assets:

Donated goods are recorded at the estimated fair value at the date of donation. Donated goods valued $8,900 in fiscal year 2025 ($7,023 in fiscal year 2024), 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 2025 and 2024 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, 2025 and 2024.

Additionally, Hidden Villa receives a significant amount of contributed time from volunteers, which does not meet the above recognition criteria. Accordingly, the value of this important contributed time has not been determined and is not reflected in the financial statements.

Deferred Revenue:

Amounts received for services or future events 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 $85,011 and $103,896 at August 31, 2025 and 2024, respectively.

2. Significant Accounting Policies (continued)

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. Cash equivalents are recorded at cost, which approximates fair value. Cash and cash equivalent balances held temporarily with brokerage firms are considered investments.

Investments and Investment Return, net:

Investment net return 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 on contributions 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.

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.

2. Significant Accounting Policies (continued)

Fair Value Measurement: (continued)

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 on established securities exchanges and are classified as Level 1 under the fair value hierarchy.

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 one domestic financial institution (two in 2024). The Federal Deposit Insurance Corporation (FDIC) insures deposits up to $250,000. From time to time, cash and cash equivalents held with the financial institution exceeded the amount insured. Deposits exceeded the FDIC insurable limit by $38,944 at August 31, 2025 ($38,259 at August 30, 2024). 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, 2025.

Hidden Villa maintains investments principally at a major domestic brokerage firm. The Securities Investor Protection Corporation (SIPC) insures these investments up to $500,000 and $250,000 for cash deposits. Hidden Villa exceeded the SIPC insured limit by approximately $8,780,000 at August 31, 2025 and approximately $7,280,000 at August 31, 2024.

Major donors are defined as donors contributing over 10% of Hidden Villa's annual support. Hidden Villa had one major donor in fiscal 2025 and 2024. Funding from this donor accounted for 33% of total support in fiscal 2025 (14% of total support in fiscal 2024). There were no pledges receivable from the major donor at August 31, 2025 or 2024. Hidden Villa does not believe it is dependent on any one individual donor in the long-term.

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are to be recorded at net realizable value. Unconditional pledges to give or grants that are expected to be received after one year from the financial statement date are to be recorded at the net present value. There were no pledges that required discounting for the years ended August 31, 2025 or 2024. Uncollectible promises are expected to be insignificant.

2. Significant Accounting Policies (continued)

Credit Losses:

Effective September 1, 2023, Hidden Villa adopted FASB ASC Topic 326, *Financial Instruments – Credit Losses*. The standard requires all entities to evaluate, on an ongoing basis, future expected credit losses for financial instruments recorded at amortized cost, including accounts receivable. The standard introduces the "expected credit loss methodology" and creates the current expected loss model (CECL), which replaces the "incurred credit loss" model for the measurement of credit losses. Credit losses continue to be measured and recognized based on historical experience and an evaluation of customer creditworthiness, but CECL also requires the use of reasonably supportable forecasted conditions to determine collectability.

Hidden Villa adopted Topic 326 using the modified retrospective method. The adoption did not have an impact on Hidden Villa's financial position based on the change in methodology. There were no current expected credit losses at August 31, 2025 or 2024.

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.

Property and equipment consists of equipment under construction which is incomplete and not placed in service at year end. There was no construction in progress at August 31, 2025.

Operating Leases:

Hidden Villa accounts for its non-cancellable leases under FASB ASC Topic 842, *Leases* (Topic 842). Hidden Villa capitalizes assets leased with terms of greater than twelve months on the statement of financial position as operating lease right of use asset (ROU asset) and operating lease liability. Hidden Villa has elected to expense all leases with terms of one year or less that do not contain lease extension options that management determines are not reasonable expected to be exercised.

2. Significant Accounting Policies (continued)

Operating Leases: (continued)

The ROU asset is amortized over the expected remaining lease term. Operating lease liability represents the present value of future lease payments expected to be paid over the lease term. Interest expense on the operating lease liability is recorded using 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 lease commencement date.
the lease.

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. Hidden Villa 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 2025 or 2024.

Income Taxes:

Hidden Villa is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under the State of California Section 23701(d), except on income derived from unrelated business activities.

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, 2025 or 2024. Hidden Villa does not anticipate any significant increases or decreases to unrecognized income tax benefits during the next twelve months.

2. Significant Accounting Policies (continued)

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.

Advertising Costs:

Advertising costs are expensed in the year incurred. Advertising costs were $10,849 in August 31, 2025 ($6,969 in August 31,2024).

Notes Payable:

Notes payable are recorded at the present value of future payments, discounted using the effective interest rate applicable at the date of issuance. Interest expense is recognized using the effective interest method. For notes issued with no stated interest or below-market interest rates, the Organization records imputed interest based on the applicable federal rate at the date of issuance.

Reclassifications:

Certain reclassifications of amounts previously reported have been make to the financial statement disclosures to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

3. Liquidity and Availability of Resources

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

	2025	2024
Cash and cash equivalents	$ 288,570	$ 288,259
Pledges receivable	91,200	177,400
Other receivables	5,910	12,300
Short-term investments	959,129	804,706
Investments held for endowment	8,321,118	7,629,511
	9,665,927	8,912,176
Less amounts not available to be used within one year:		
Board designated net assets, net of amounts appropriated for expenditure (Note 6)	6,439,283	5,908,724
Endowment funds restricted in perpetuity (Note 6)	963,933	957,967
Accumulated earnings on endowment funds (Note 6)	917,902	760,348
Funds restricted for purpose by donor (Note 8)	1,020,642	967,550
	9,341,760	8,594,591
	$ 324,167	$ 317,585

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 Organization's general expenditures.

4. Property and Equipment

Property and equipment consists of the following at August 31:

	2025	2024
Buildings and land improvements	$ 6,901,111	$ 6,806,408
Land	6,385,143	6,385,143
Software	464,554	493,620
Vehicles	179,834	324,152
Furniture and equipment	294,771	134,087
Construction in progress	-	9,673
Livestock	5,000	5,000
	14,230,413	14,158,083
Accumulated depreciation	(6,086,921)	(5,933,633)
	$ 8,143,492	$ 8,224,450

5. Investments and Fair Value Measurement

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

	2025	2024
Domestic equity securities	$ 3,082,450	$ 3,175,752
International equity securities	1,640,116	1,678,709
Emerging markets equity funds	648,135	673,861
Money market funds	1,468,872	1,707,229
Domestic real estate funds	192,359	254,622
Commodities funds	206,619	289,900
Bond funds	2,041,696	-
Total	$ 9,280,247	$ 7,780,073

Investments classified at Level 2 under the fair value hierarchy consist of the following at August 31:

	2025	2024
Treasury bills	-	654,144
Total	$ -	$ 654,144

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

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.

6. Endowment (continued)

Changes in the Endowment are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Balance, August 31, 2023	$ 5,636,663	$ 1,516,139	$ 7,152,802
Contributions	198,051	7,066	205,117
Interest and dividend income	154,484	41,562	196,046
Realized loss on endowment assets	(51,844)	(13,948)	(65,792)
Unrealized gain on endowment assets	784,439	210,378	994,817
Board designated net assets transfers to undesignated net assets	(500,000)	-	(500,000)
Appropriated for expenditure	(310,599)	(42,880)	(353,479)
Balance, August 31, 2024	5,911,194	1,718,317	7,629,511
Contributions	321,994	5,966	327,960
Interest and dividend income	193,518	56,183	249,701
Realized loss on endowment assets	63,211	18,352	81,563
Unrealized gain on endowment assets	435,617	126,470	562,087
Board designated net assets transfers to to undesignated net assets	(200,000)	-	(200,000)
Appropriated for expenditure	(286,251)	(43,453)	(329,704)
Balance, August 31, 2025	$ 6,439,283	$ 1,881,835	$ 8,321,118

Endowment net assets composition by type of fund at August 31, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Board-designated endowment funds	$ 6,439,283	$ -	$ 6,439,283
Original donor restricted gift amounts required to be maintained in perpetuity by donor	-	963,933	963,933
Accumulated investment gains	-	917,902	917,902
	$ 6,439,283	$ 1,881,835	$ 8,321,118

6. Endowment (continued)

Endowment net assets composition by type of fund at August 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Board-designated endowment funds	$ 5,911,194	$ -	$ 5,911,194
Original donor restricted gift amounts required to be maintained in perpetuity by donor	-	957,969	957,969
Accumulated investment gains	-	760,348	760,348
	$ 5,911,194	$ 1,718,317	$ 7,629,511

7. Lease Commitments

Hidden Villa entered into leases for two copiers under operating lease agreements, with renewal options, which expired in January 2026, when a new lease was signed. Future minimum lease payments, net of sublease income, for equipment, vehicles and facilities are $2,612 for fiscal 2026.

8. Net Assets

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

	2025	2024
Purpose restrictions:		
Endowment funds available for appropriation	$ 917,902	$ 760,348
Scholarships	57,555	7,665
Programs	202,942	461,604
Operations	749,218	488,981
Capital	10,927	9,300
	1,938,544	1,727,898
Endowment funds held in perpetuity	963,933	957,969
	$ 2,902,477	$ 2,685,867

8. Net Assets (continued)

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

	2025	2024
Operations	$ 462,966	$ 425,186
Scholarships	297,245	285,295
Passage of time	150,000	115,000
Programs	133,284	139,164
Appropriated from endowment	42,880	42,880
	$ 1,086,375	$ 1,007,525

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

	2025	2024
Property and equipment	$ 8,143,492	$ 8,224,450
Donated artwork	259,000	259,000
Board designated net assets for endowment	6,439,281	5,908,724
Undesignated net assets	476,835	479,303
	$ 15,318,608	$ 14,871,477

9. Retirement Plan

Hidden Villa has a defined contribution tax deferred savings 403(b) plan covering all eligible employees. During the year ended August 31, 2025, the Organization began making employer matching contributions to the plan for eligible employees in accordance with the provisions of the plan document. Participants may receive discretionary matching contributions of 1.00% to 1.25% of their annual salary. There were $12,064 of employer matching contributions to the plan by Hidden Villa in fiscal 2025.

10. Self-Insurance

Hidden Villa is currently self-insured for property insurance risk in excess of $8,800,000 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.

11. Note Payable:

On October 25, 2024, the Organization entered into a 48-month retail installment contract with Kubota Credit Corporation, U.S.A. to finance the purchase of two tractors and related equipment for use in the Organization's programs. Title to the equipment transferred to the Organization at inception, and Kubota retains a security interest in the equipment. The contract requires fixed monthly payments of $1,384, except that a payment of $39,950 was due and paid at April 25, 2025. The contract has a stated interest rate of 0% (non-interest-bearing).

In accordance with ASC 835-30, the note payable and related equipment were initially recorded at the present value of the future payments, using an imputed interest rate of 4.06%, which approximates the Organization's market borrowing rate for similar collateralized financing over a comparable term. The difference between the face amount of the contract and its present value was recorded as a discount on the note payable, which is amortized to interest expense over the term of the note using the effective interest method.

As of August 31, 2025, the carrying amount of the note payable is $44,740, which includes $2,702 of imputed interest recognized during the year. The current portion, representing payments due within one year, is $14,236, and the long-term portion is $30,503.

Future principal payments under the note are as follows:

Years ending August 31:		
2026	$	16,603
2027		16,603
2028		16,603
2029		2,766
Total principal payments		52,575
Less discount		(7,835)
Present value of note payable	$	44,740

12. Subsequent Events

Subsequent events have been evaluated through April 2, 2026, 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.