

THE TRUST FOR HIDDEN VILLA

AUDITED FINANCIAL STATEMENTS

for the year ended August 31, 2012
(with summarized comparative totals for August 31, 2011)

THE TRUST FOR HIDDEN VILLA

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Trust for Hidden Villa
Los Altos Hills, California

We have audited the accompanying statement of financial position of The Trust for Hidden Villa (the "Trust", a nonprofit organization) as of August 31, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from The Trust for Hidden Villa's 2011 financial statements and, in our report dated January 4, 2012, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of The Trust for Hidden Villa as of August 31, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Burr Pilger Mayer, Inc.

San Jose, California
February 14, 2013

THE TRUST FOR HIDDEN VILLA
STATEMENTS OF FINANCIAL POSITION

August 31, 2012 and 2011

	2012	2011
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 371,791	\$ 579,381
Certificates of deposit	475,013	474,416
Investments	1,112,620	1,077,033
Unconditional promises to give receivable, current	149,700	63,775
Other receivables	20,712	10,135
Prepaid and other assets	108,194	92,502
Total current assets	2,238,030	2,297,242
Property and equipment	12,984,601	12,930,474
Less accumulated depreciation	(3,130,174)	(2,891,442)
Net property and equipment	9,854,427	10,039,032
Unconditional promises to give receivable, long-term	90,600	16,800
Long-term investments	631,687	620,688
	722,287	637,488
Total assets	\$ 12,814,744	\$ 12,973,762
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and other accrued liabilities	\$ 111,597	\$ 96,709
Deferred revenue	193,601	184,211
Total current liabilities	305,198	280,920
Net Assets:		
Unrestricted:		
Property and equipment	9,854,427	10,039,032
Board designated	1,048,637	1,027,258
Undesignated	490,947	564,988
Total unrestricted	11,394,011	11,631,278
Temporarily restricted	483,848	440,876
Permanently restricted	631,687	620,688
Total net assets	12,509,546	12,692,842
Total liabilities and net assets	\$ 12,814,744	\$ 12,973,762

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

THE TRUST FOR HIDDEN VILLA

STATEMENT OF ACTIVITIES

for the year ended August 31, 2012

(with Summarized Financial Information

for the year ended August 31, 2011)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2012	(For Comparative Purposes Only) Total 2011
REVENUE AND OTHER SUPPORT:					
Fees	\$ 905,088	\$ -	\$ -	\$ 905,088	\$ 867,577
Special events, net of expenses of \$67,846 in 2012 and \$67,234 in 2011	166,865	-	-	166,865	105,232
Contributions	159,382	863,402	10,999	1,033,783	1,122,613
In-kind contribution income	78,012	-	-	78,012	193,885
Gain (loss) on disposal of fixed assets	2,631	-	-	2,631	(4,796)
Dividend income	12,275	8,007	-	20,282	13,223
Net increase in fair value of investments	44,078	29,010	-	73,088	171,327
Rental income	215,479	-	-	215,479	250,210
Miscellaneous income and sales	127,848	-	-	127,848	142,098
Net assets released from restriction	857,447	(857,447)	-	-	-
Total revenue and other support	\$ 2,569,105	\$ 42,972	\$ 10,999	\$ 2,623,076	\$ 2,861,369
EXPENSES					
<u>Program Services:</u>					
Animals	\$ 159,781	\$ -	\$ -	\$ 159,781	\$ 148,163
Youth Development	129,796	-	-	129,796	167,765
Community Programs	165,920	-	-	165,920	159,937
Community Supported Agriculture	176,429	-	-	176,429	165,333
Camps/Family and Youth	659,990	-	-	659,990	612,608
Environmental Education	434,782	-	-	434,782	454,214
Hostel and Site Rentals	275,770	-	-	275,770	265,343
Volunteers	49,194	-	-	49,194	34,311
Internship	92,683	-	-	92,683	65,227
Total Program Services	2,144,345	-	-	2,144,345	2,072,901
<u>Supporting Services:</u>					
Administration	303,307	-	-	303,307	343,932
Fund development	358,720	-	-	358,720	490,556
Total Supporting Services	662,027	-	-	662,027	834,488
Total Expenses	2,806,372	-	-	2,806,372	2,907,389
Total increase (decrease) in net assets	(237,267)	42,972	10,999	(183,296)	(46,020)
Net Assets - beginning of year	11,631,278	440,876	620,688	12,692,842	12,738,862
Net Assets - end of year	\$ 11,394,011	\$ 483,848	\$ 631,687	\$ 12,509,546	\$ 12,692,842

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

THE TRUST FOR HIDDEN VILLA
STATEMENTS OF CASH FLOWS
for the years ended August 31, 2012 and 2011

	2012	2011
Cash Flows from Operating Activities:		
(Decrease) in net assets	\$ (183,296)	\$ (46,020)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized (gain) on investments	(73,088)	(171,327)
Realized loss on investments	94	-
Depreciation	238,732	234,660
Loss on disposal of fixed assets	-	4,796
Donation of investments	(28,436)	-
Dividends reinvested	(20,282)	(13,223)
(Increase) decrease in operating assets:		
Unconditional promises to give receivable	(159,725)	188,700
Other receivables	(10,577)	(8,711)
Prepaid expenses and other assets	(15,692)	(16,443)
Increase (decrease) in operating liabilities:		
Accounts payable and other accrued liabilities	14,888	(2,110)
Deferred revenue	9,390	18,737
Total adjustments	(44,696)	235,079
Net cash (used in) provided by operating activities	(227,992)	189,059
Cash Flows from Investing Activities:		
Maturity of certificates of deposit	(597)	919
Proceeds on sale of investments	86,125	50,225
Acquisition of investments	(10,999)	(35,475)
Acquisition of property and equipment	(54,127)	(81,353)
Net cash provided by (used in) investing activities	20,402	(65,684)
Net (decrease) increase in cash and cash equivalents	(207,590)	123,375
Cash and cash equivalents, beginning of year	579,381	456,006
Cash and cash equivalents, end of year	\$ 371,791	\$ 579,381

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

THE TRUST FOR HIDDEN VILLA
STATEMENTS OF CASH FLOWS
for the years ended August 31, 2012 and 2011

Supplemental Disclosure of Cash Flow Information

1. Accounting Policy - The Trust considers all highly liquid investments with a maturity of three months or less when purchased to be "cash equivalents."
2. Schedule of non-cash transactions:

	2012	2011
Acquisition of investments	\$ (59,717)	\$ (48,698)
Dividends reinvested	20,282	13,223
Donation of investments	28,436	-
	\$ (10,999)	\$ (35,475)

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

THE TRUST FOR HIDDEN VILLA

NOTES TO FINANCIAL STATEMENTS

August 31, 2012

1. Business Description and Summary of Significant Accounting Policies

Organization

Hidden Villa is a nonprofit educational organization that uses its organic farm, wilderness, and community to teach and provide opportunities to learn about the environment and social justice. Hidden Villa stretches over 1,600 acres of open space in the foothills of the Santa Cruz Mountains, about 40 miles south of San Francisco. Our mission is to inspire a just and sustainable future through our programs, land and legacy.

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). The Trust for Hidden Villa ("the Trust") was established as a nonprofit in 1960.

Nature of Activities

Hidden Villa's Environmental Education Program: teaches key concepts of ecology and environmental stewardship through experiences on the farm and in the wilderness for elementary school children. Hidden Villa's teaching techniques and strategies are unique, striking a balance between scientific investigation and feelings of wonder, awareness, appreciation, and fun (over 20,000 students, teachers and parents each year participate annually).

Summer Camp and Youth Development: builds relationships among youth from diverse socio-economic and cultural backgrounds who come together for shared activities in Hidden Villa's unique environment (1,200 participate annually).

Community Programs: provide workshops, discussions, and forums for families and individuals interested in sustainable practices, animal husbandry, and nature (8,000 visitors participate annually).

Community Supported Agriculture Program: 70% of our produce is used to supply our neighborhood shareholders with fresh, organic produce; 25% is donated to the Community Service Agency of Mountain View for distribution to their clients; and the remaining 5% is sold to local community members at the Los Altos Farmers Market.

Resident Intern Program: provides training for young men and women interested in environmental education, community programs, social justice, organic farming, and animal husbandry.

Volunteers: About 1,000 volunteers, including individuals and groups from corporations, scout troops, and faith-based organizations, support Hidden Villa in nearly every department and program.

An additional 20,000 visitors come to our preserve annually to explore our farm and gardens or to hike on our eight miles of trails. Our constituents cover a wide spectrum of age, physical ability, geography, ethnicity, cultural and socio-economic backgrounds and our organic farm, rustic barns, newer sustainable structures and pristine riparian, woodland and chaparral wilderness provide opportunities to experience the beauty of our environment on a first hand basis.

A nonprofit Trust since 1960, Hidden Villa is supported by contributions from individuals, foundations and corporations throughout the Bay Area.

THE TRUST FOR HIDDEN VILLA

NOTES TO FINANCIAL STATEMENTS

August 31, 2012

1. Business Description and Summary of Significant Accounting Policies, continued

Basis of Accounting

The financial statements of the Trust have been prepared on the accrual basis of accounting.

Basis of Presentation

The Trust is required to report information regarding its financial position and activities in accordance with three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets The portion of net assets that is neither temporarily restricted nor permanently restricted by donor-imposed stipulations.

Temporarily Restricted Net Assets The portion of net assets whose use by the Trust is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Trust according to the terms of the contribution.

Permanently Restricted Net Assets The portion of net assets whose use by the Trust is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Trust.

The financial statements include certain prior year summarized comparative information in total but not by net asset class or program and supporting service classifications. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Trust's financial statements for the year ended August 31, 2011, from which the summarized information was derived.

Concentration of Credit Risk

The Trust maintains its cash and cash equivalents in commercial checking and money market accounts. Periodically throughout the year, cash is maintained at the bank in excess of the insured (FDIC) amount of \$250,000.

Certificates of Deposit

Certificates of deposit are carried at cost. The Trust has both the ability and the intent to hold them to maturity. Certificates of deposit mature between October 15, 2012 and September 23, 2013 for the year ended August 31, 2012 with interest rates ranging from 0.6% to 0.3%.

Investments

Investments are stated at their fair market value based on quoted market prices. Investments received by donation are recorded at their fair market value on the date received. Net realized and unrealized gains or losses are reflected as increases or decreases in unrestricted net assets, unless their use is temporarily or permanently restricted by the donor. If a restriction is fulfilled in the same fiscal year in which the investment income and/or gain is earned, the Trust reports the earnings as unrestricted. Gains or losses that result from market fluctuations are recognized in the fiscal year such fluctuations occur.

THE TRUST FOR HIDDEN VILLA

NOTES TO FINANCIAL STATEMENTS

August 31, 2012

1. Business Description and Summary of Significant Accounting Policies, continued

Investments, continued

Investment securities are exposed to various risks, such as interest rate, market fluctuations and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect fair value and the amounts reported in the Statements of Financial Position and the Statement of Activities.

Unconditional Promises to Give

Unconditional verifiable promises to give are recognized as revenue in the period they are pledged. Conditional promises to give are recognized as revenue when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Accounts Receivable

The Trust utilizes the allowance method for recognizing bad debts. The allowance is based on experience in prior years and management's analysis of specific accounts. Management has determined that an allowance for uncollectible accounts is not deemed necessary at August 31, 2012 and 2011.

Property and Equipment

The Trust records purchased property and equipment at cost and donated property and equipment at fair value, with cost or fair value in excess of \$2,500. Depreciation is computed using the straight-line method over the following useful lives:

Building	30 years
Building improvements	30 years
Office equipment	5-7 years
Other equipment	7 years
Vehicles	5-10 years

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Deferred Revenue

The Trust receives advances for events to be held in the future. The Trust also receives contributions conditional on matching contributions to be made in the future. These amounts are recorded as deferred revenue when received and are recognized as revenue when the event or match occurs. Deferred revenue was \$193,601 and \$184,211 at August 31, 2012 and 2011, respectively.

Contributions

Contribution revenue is recognized when contributions are received. All contributions are considered available for general operations unless specifically restricted by the donor.

THE TRUST FOR HIDDEN VILLA

NOTES TO FINANCIAL STATEMENTS

August 31, 2012

1. Business Description and Summary of Significant Accounting Policies, continued

Contributed Services

Contributed services, which require a specialized skill and which the Trust would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered. The Trust also receives donated services that do not require specific expertise but which are nonetheless essential to the Trust's operations. These contributed services are not reflected in the financial statements.

Grants

Grants to support the Trust's programs are received from individuals, foundations, governmental agencies and corporations and are recorded as revenue when received.

Endowments

The State of California enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective January 1, 2009, the provisions of which apply to endowment funds existing on or established after that date. Net asset classifications of donor-restricted endowment funds subject to an enacted version of UPMIFA have been accounted for appropriately in these financial statements. Additional disclosures about the Trust's endowment funds (both donor-restricted and board-designated endowment funds) whether or not the Trust is subject to UPMIFA have been included for the year ending August 31, 2012.

Interpretation of Relevant Law

The Board of the Trust has interpreted the State of California's enacted version of UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Trust classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts donated to the permanent endowment, and (3) additions to the permanent endowment in accordance with donor directions. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Trust in a manner consistent with the standard of prudence prescribed by the enacted version of UPMIFA.

Spending Policy

In accordance with the State of California's enacted version of UPMIFA, the Trust considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Trust and the endowment funds
- (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 the Trust
- (7) The investment policies of the Trust

THE TRUST FOR HIDDEN VILLA

NOTES TO FINANCIAL STATEMENTS

August 31, 2012

1. Business Description and Summary of Significant Accounting Policies, continued

Endowment, continued

Investment Policy, Strategies, and Objectives

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

Endowment assets are invested in a well 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.

Fair Value Measurement—Definition and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date.

In determining fair value, the Trust uses various valuation approaches. A hierarchy has been established for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Trust. Unobservable inputs are inputs that reflect the Trust's assumptions about what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the observability of inputs as follows:

- Level 1—quoted prices in active markets for identical investments
- Level 2—other significant observable inputs (including quoted prices for similar instruments, interest rates, prepayment speeds, credit risk, etc.).
- Level 3—significant unobservable inputs (including the Trust's own assumptions in determining fair value instruments).

The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Income Taxes and Uncertainty in Income Taxes

No provision has been made for income taxes as the Trust is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and state income taxes under Section 23701(d) of the California Revenue Taxation Code.

The Trust began reviewing and assessing tax positions taken or expected to be taken against the more-likely-than-not recognition threshold and measurement attributes for financial statement recognition.

Continued

THE TRUST FOR HIDDEN VILLA

NOTES TO FINANCIAL STATEMENTS

August 31, 2012

1. Business Description and Summary of Significant Accounting Policies, continued

Income Taxes and Uncertainty in Income Taxes, continued

The Trust's policy for evaluating uncertain tax positions is a two step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more-likely-than-not that the position will be sustained upon audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit or liability as the largest amount that is more than 50% likely to be realized or incurred upon settlement. Based on an analysis prepared by the Trust, it was determined that the tax positions taken or expected to be taken had no material effect on the recorded tax assets and liabilities of the Trust.

The Trust applied this guidance to all tax positions for which the statute of limitations remained open (fiscal years ended since August 31, 2008) and determined there were no material unrecognized tax benefits or liabilities as of that date. There have been no related tax penalties or interest, which would be classified as tax expense in the statement of activities.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the August 31, 2011 financial statement presentation to conform to the August 31, 2012 presentation.

2. Unconditional Promises to Give Receivable

Unconditional promises to give receivable at August 31, 2012 and 2011 are summarized as follows:

	2012	2011
Foundations	\$ 150,000	\$ -
Other	90,300	80,575
	<u>\$ 240,300</u>	<u>\$ 80,575</u>
Receivable in less than one year	\$ 149,700	\$ 63,775
Receivable in one to five years	81,000	6,000
Receivable in more than five years	9,600	10,800
Total unconditional promises to give receivable	240,300	80,575
Less current portion	(149,700)	(63,775)
Unconditional promises to give receivable, long-term	<u>\$ 90,600</u>	<u>\$ 16,800</u>

Continued

THE TRUST FOR HIDDEN VILLA

NOTES TO FINANCIAL STATEMENTS

August 31, 2012

3. Property and Equipment, net

Property and equipment, net at August 31, 2012 and 2011 are summarized as follows:

	2012	2011
Land	\$ 6,385,143	\$ 6,385,143
Buildings and land improvements	6,304,680	6,264,553
Furniture, equipment and vehicles	294,778	280,778
	<u>12,984,601</u>	<u>12,930,474</u>
Less accumulated depreciation	<u>(3,130,174)</u>	<u>(2,891,442)</u>
	<u>\$ 9,854,427</u>	<u>\$ 10,039,032</u>

Depreciation expense for the years ended August 31, 2012 and 2011 is \$238,732 and \$234,660, respectively.

4. Investments

The Trust's investments, consisting of mutual funds are recorded at fair value, at August 31, 2012 and 2011 are summarized as follows:

	2012	2011
Mutual Funds:	\$ 829,691	\$ 822,931
Multisector	336,574	334,174
Short-term	323,851	296,288
Mid Cap	254,191	244,328
World	<u>\$ 1,744,307</u>	<u>\$ 1,697,721</u>

The following schedule summarizes the investment return at August 31, 2012 and 2011:

	2012	2011
Total dividend income	<u>\$ 20,282</u>	<u>\$ 13,223</u>
Net increase in fair value of investments	<u>\$ 73,088</u>	<u>\$ 171,327</u>

5. Line Of Credit

The Trust has a \$500,000 line of credit agreement with Comerica Bank-California, with interest at prime rate plus 1.50% (currently at 4.75%), due on demand. The line of credit is secured by all assets of the Trust, except real estate. There were no outstanding borrowings at August 31, 2012 and 2011.

THE TRUST FOR HIDDEN VILLA

NOTES TO FINANCIAL STATEMENTS

August 31, 2012

6. Lease

In December 2007, the Trust entered into a land lease agreement with Heifer Project International, an unrelated third party, for the use of approximately ten acres of the Trust's land for the purpose of constructing and operating a Global Village. It was determined that the land identified in the original lease was not usable by Heifer Project International and lease payments were suspended. The Trust entered into a lease amendment. The lease amendment grants a substitution of the original premises for relocation premises of approximately 8.5 acres. The term of the lease is twenty-two years and two months. Heifer Project International has the right to terminate the lease pending certain requirements, to obtain approval of necessary permits.

Rent income was \$0 and \$49,998 for the years ended August 31, 2012 and 2011, respectively.

Heifer Project International decided to terminate the Global Village project and had stopped lease payments as of February 2011. As of January 31, 2011 the Lease was effectively terminated and all obligations under the lease ceased.

7. Retirement Plan

The Trust has a tax deferred savings 403(b) plan covering all eligible employees. Participants may receive matching contributions of 1% of their annual salary. Employer contributions were \$7,094 and \$7,755 for the years ended August 31, 2012 and 2011, respectively.

8. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	2012	2011
Programs	\$ 267,874	\$ 258,510
Operations	113,304	84,911
Operations, endowment	63,983	49,775
Legacy fund	27,552	27,552
Capital improvements	11,135	13,646
Scholarships	-	6,482
Total temporarily restricted net assets	<u>\$ 483,848</u>	<u>\$ 440,876</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	2012
Purpose restriction accomplished:	
Programs	\$ 366,757
Operations	296,280
Scholarships	163,589
Capital improvements	8,012
Operations, endowment	22,809
Total restrictions released	<u>\$ 857,447</u>

Continued

THE TRUST FOR HIDDEN VILLA

NOTES TO FINANCIAL STATEMENTS

August 31, 2012

9. Endowment

Endowment net assets composition by type of fund as of August 31, 2012 and 2011 are summarized as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Net Assets
<u>2012</u>				
Donor-restricted endowment funds	\$ -	\$ 63,983	\$ 631,687	\$ 695,670
Board-designated endowment funds	1,048,637	-	-	1,048,637
	<u>\$ 1,048,637</u>	<u>\$ 63,983</u>	<u>\$ 631,687</u>	<u>\$ 1,744,307</u>
<u>2011</u>				
Donor-restricted endowment funds	\$ -	\$ 49,775	\$ 620,688	\$ 670,463
Board-designated endowment funds	1,027,258	-	-	1,027,258
	<u>\$ 1,027,258</u>	<u>\$ 49,775</u>	<u>\$ 620,688</u>	<u>\$ 1,697,721</u>

Changes in endowment net assets for the fiscal years ended August 31, 2012 and 2011 are summarized as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Net Assets
Endowment net assets, August 31, 2010	\$ 942,708	\$ -	\$ 585,213	\$ 1,527,921
Contributions	-	-	35,475	35,475
Dividend income	8,156	5,067	-	13,223
Net appreciation	107,382	63,945	-	171,327
Amounts appropriated for expenditure	(30,988)	(19,237)	-	(50,225)
Endowment net assets, August 31, 2011	1,027,258	49,775	620,688	1,697,721
Contributions	-	-	10,999	10,999
Dividend income	12,275	8,007	-	20,282
Net appreciation	44,078	29,010	-	73,088
Amounts appropriated for expenditure	(34,974)	(22,809)	-	(57,783)
Endowment net assets, August 31, 2012	<u>\$ 1,048,637</u>	<u>\$ 63,983</u>	<u>\$ 631,687</u>	<u>\$ 1,744,307</u>

The amount classified as permanently restricted represents the amount of the endowment fund that must be retained permanently in accordance with explicit donor stipulations. The Trust received \$10,999 and \$35,475 of permanently restricted contributions for the fiscal years ended August 31, 2012 and 2011, respectively.

THE TRUST FOR HIDDEN VILLA

NOTES TO FINANCIAL STATEMENTS

August 31, 2012

10. Fair Value Measurement

The following table summarizes the Trust's financial assets measured at fair value on a recurring basis:

	Assets at Fair Value as of August 31, 2012		
	(Level 1)	(Level 2)	Total
Money market funds	\$ 237,771	\$ -	\$ 237,771
Certificates of deposit	-	475,013	475,013
Mutual Funds:			
Multisector	829,691	-	829,691
Short-term	336,574	-	336,574
Mid Cap	323,851	-	323,851
World	254,191	-	254,191
	<u>\$ 1,982,078</u>	<u>\$ 475,013</u>	<u>\$ 2,457,091</u>

	Assets at Fair Value as of August 31, 2011		
	(Level 1)	(Level 2)	Total
Money market funds	\$ 295,406	\$ -	\$ 295,406
Certificates of deposit	-	474,416	474,416
Mutual Funds:			
Multisector	822,931	-	822,931
Short-term	334,174	-	334,174
Mid Cap	296,288	-	296,288
World	244,328	-	244,328
	<u>\$ 1,993,127</u>	<u>\$ 474,416</u>	<u>\$ 2,467,543</u>

As of August 31, 2012 and 2011, the Trust did not have any Level 3 assets or liabilities.

11. Fund Development

Fund development expenses at August 31, 2012 and 2011 are summarized as follows:

	2012	2011
Salaries and related expenses	\$ 249,865	\$ 261,574
In-kind	21,702	126,471
Professional services	18,310	35,821
Other operating expenses	68,843	66,690
	<u>\$ 358,720</u>	<u>\$ 490,556</u>

12. Subsequent Events

The Trust evaluated subsequent events for recognition and disclosure through February 14, 2013, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since August 31, 2012 that require recognition or disclosure in such financial statements.