



PEPPERWOOD FOUNDATION



FINANCIAL STATEMENTS

JUNE 30, 2019

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HARRINGTON GROUP
CERTIFIED PUBLIC ACCOUNTANTS, LLP

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Pepperwood Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Pepperwood Foundation (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2019, and the related Statements of Activities, Functional Expenses, and Cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pepperwood Foundation as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Report on Summarized Comparative Information

We have previously audited Pepperwood Foundation's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 7, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harrington Group

Oakland, California
January 8, 2020

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PEPPERWOOD FOUNDATION

STATEMENT OF FINANCIAL POSITION

June 30, 2019

With comparative totals at June 30, 2018

	2019	2018
ASSETS		
Cash and cash equivalents (Note 2)	\$ 974,054	\$ 1,889,027
Accounts receivable	3,985	8,690
Grants receivable	65,000	25,799
Pledges receivable (Note 4)	242,467	59,652
Prepaid expenses	35,633	31,906
Investments (Note 5)	3,425,451	3,099,801
Property and equipment (Note 7)	19,522,080	19,672,658
	\$ 24,268,670	\$ 24,787,533
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 86,493	\$ 50,691
Accrued liabilities (Note 8)	110,050	109,124
	196,543	159,815
NET ASSETS		
Without donor restrictions		
Undesignated	3,750,560	4,457,915
Invested in property and equipment	19,672,658	19,991,908
With donor restrictions (Note 9)	648,909	177,895
	24,072,127	24,627,718
	\$ 24,268,670	\$ 24,787,533

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

PEPPERWOOD FOUNDATION

STATEMENT OF ACTIVITIES
For the year ended June 30, 2019
With comparative totals for the year ended June 30, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019</u>	<u>2018</u>
REVENUE AND SUPPORT				
Foundation grants	\$ 91,000	\$ 649,250	\$ 740,250	\$ 404,760
Contributions	580,786	57,608	638,394	622,314
Community Foundation Sonoma County grants (Note 11)	500,000		500,000	1,500,000
Special event, net of expenses of \$93,051	274,598		274,598	190,150
Unrealized gain on investments	214,526		214,526	216,656
In-kind contributions (Note 6)	119,244		119,244	125,603
User and program fees	103,291		103,291	54,730
Interest income	64,043		64,043	49,628
Government grants	43,051		43,051	220,215
Easement revenue	30,400		30,400	25,000
Miscellaneous	20,521	(4,586)	15,935	33,053
Rental income	14,593		14,593	14,100
Gain on disposal of fixed assets			-	1,884,765
Net assets released from restrictions (Note 9)	231,258	(231,258)	-	-
	<u>2,287,311</u>	<u>471,014</u>	<u>2,758,325</u>	<u>5,340,974</u>
TOTAL REVENUE AND SUPPORT				
EXPENSES				
Program services	2,360,547		2,360,547	2,237,327
General and administrative	332,140		332,140	214,479
Development	265,361		265,361	175,648
	<u>2,958,048</u>	<u>-</u>	<u>2,958,048</u>	<u>2,627,454</u>
TOTAL EXPENSES				
CHANGE IN NET ASSETS BEFORE DEPRECIATION EXPENSE	(670,737)	471,014	(199,723)	2,713,520
Depreciation expense	355,868		355,868	335,412
CHANGE IN NET ASSETS AFTER DEPRECIATION EXPENSE	(1,026,605)	471,014	(555,591)	2,378,108
NET ASSETS, BEGINNING OF YEAR	<u>24,449,823</u>	<u>177,895</u>	<u>24,627,718</u>	<u>22,249,610</u>
NET ASSETS, END OF YEAR	<u>\$ 23,423,218</u>	<u>\$ 648,909</u>	<u>\$ 24,072,127</u>	<u>\$ 24,627,718</u>

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

PEPPERWOOD FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2019

With comparative totals for the year ended June 30, 2018

	Program Services			General and Administrative	Development	Total Expenses	
	Research and Conservation	Environmental Education and Outreach	Total Program Services			2019	2018
Salaries	\$ 585,393	\$ 366,314	\$ 951,707	\$ 107,039	\$ 185,146	\$ 1,243,892	\$ 1,085,045
Employee benefits	91,236	55,304	146,540	11,388	12,812	170,740	129,700
Payroll taxes and workers compensation	54,470	33,313	87,783	9,775	17,344	114,902	99,547
Total personnel costs	731,099	454,931	1,186,030	128,202	215,302	1,529,534	1,314,292
Professional fees	692,825	28,301	721,126	38,173	6,389	765,688	732,937
Miscellaneous	72,261	24,934	97,195	148,102	6,308	251,605	98,075
In-kind expenses		118,452	118,452	72	720	119,244	125,603
Site development and maintenance	42,813	10,937	53,750	2,858	4,960	61,568	151,818
Insurance	25,797	16,912	42,709	5,022	8,700	56,431	39,789
Supplies and small equipment	30,062	14,854	44,916	4,161	4,182	53,259	53,920
Occupancy	23,295	10,020	33,315	2,389	3,849	39,553	30,536
Printing and publications	405	20,907	21,312	10	7,543	28,865	30,112
Telephone	6,717	4,072	10,789	2,513	1,103	14,405	16,542
Postage and delivery	1,574	8,502	10,076	129	3,923	14,128	14,116
Travel	6,627	893	7,520	459	238	8,217	11,183
Staff development and training	905	4,861	5,766	50	2,144	7,960	1,003
Real estate taxes	7,591		7,591			7,591	7,271
Interest			-			-	257
TOTAL 2019 FUNCTIONAL EXPENSES	\$ 1,641,971	\$ 718,576	\$ 2,360,547	\$ 332,140	\$ 265,361	\$ 2,958,048	
TOTAL 2018 FUNCTIONAL EXPENSES			\$ 2,237,327	\$ 214,479	\$ 175,648		\$ 2,627,454

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

PEPPERWOOD FOUNDATION

STATEMENT OF CASH FLOWS

For the year ended June 30, 2019

With comparative totals for the year ended June 30, 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (555,591)	\$ 2,378,108
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	355,868	335,412
Reinvested dividends	(60,049)	(43,323)
Unrealized (gain) on investments	(214,526)	(216,656)
(Gain) on disposal of fixed assets	-	(1,884,765)
(Increase) decrease in operating assets:		
Accounts receivable	4,705	(4,353)
Grants receivable	(39,201)	43,471
Pledges receivable	(182,815)	9,360
Prepaid expenses	(3,727)	(5,671)
(Increase) decrease in operating liabilities:		
Accounts payable	35,802	18,077
Accrued liabilities	926	7,148
	(658,608)	636,808
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(205,290)	(191,471)
Insurance proceeds	-	2,060,074
Sales of investments	-	32,000
Purchase of investments	(51,075)	(1,040,920)
	(256,365)	859,683
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(914,973)	1,496,491
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,889,027	392,536
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 974,054	\$ 1,889,027
SUPPLEMENTAL DISCLOSURE:		
Operating activities reflects interest paid of:	\$ -	\$ 257

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

PEPPERWOOD FOUNDATION

NOTES TO FINANCIAL STATEMENTS

1. Organization

Pepperwood Foundation was established in 2005 by Jane and Herb Dwight – designating the Pepperwood Preserve, a 3,200 acre nature preserve located in Sonoma County, California, as a permanently protected wild land. The foundation manages the property to promote natural history education, research, and preservation. Stewardship of the preserve was assumed from California Academy of Sciences, which managed the preserve from 1979-2005.

Pepperwood Foundation's mission is to advance science-based conservation throughout our region and beyond. Pepperwood Foundation is a leader in forging solutions to advance the health of Northern California's land, water, and wildlife. Pepperwood Foundation's Dwight Center for Conservation Science produces **cutting-edge research**, provides comprehensive **environmental education** for all ages, and facilitates an innovative **citizen science** initiative. Pepperwood Foundation uses its 3,117 acre nature preserve as a living laboratory to engage students, volunteers, and scientists in applied conservation. Pepperwood Foundation's singular focus is applying science to safeguard the future of nature for generations to come.

Late in the evening of October 8, 2017 a series of fires broke out in Northern California, including the Tubbs Fire, which became the most destructive wildfire event in California history. At Pepperwood Foundation, our staff and the preserve were greatly impacted. Over 90% of the preserve burned, and our barn and two residences were lost. While we work to rebuild our infrastructure, Pepperwood Foundation's 3,200 acre preserve has become a hub for post-fire research, building on over five years of pre-fire data collected by our Sentinel Site monitoring network. This research is filling a critical gap in our collective understanding of wildfires in the context of Northern California ecosystems, and what can be done to make our communities more resilient.

During the year ended June 30, 2019, Pepperwood Foundation received approximately 18% of its funding from a board member via grants from Community Foundation Sonoma County (see Note 10).

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Basis of Presentation

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

Net Assets

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

Without Donor Restrictions. Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

continued

PEPPERWOOD FOUNDATION

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

With Donor Restrictions. Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

Pepperwood Foundation has defined cash and cash equivalents as cash in banks and certificates of deposits with an original maturity of three months or less.

Accounts Receivable

Accounts receivable includes receivables from program services fees and other earned revenues. No allowance for doubtful accounts has been provided.

Contributions and Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Pepperwood Foundation reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets.

Concentration of Credit Risks

Pepperwood Foundation places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. Pepperwood Foundation has not incurred losses related to these investments.

PEPPERWOOD FOUNDATION

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Investments

Pepperwood Foundation values its investments at fair value. Unrealized gains or losses (including investments bought, sold, and held during the year) are reflected in the Statement of Activities as gain on investments. Short-term highly liquid money market deposits that are not used for operations are treated as investments.

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

Pepperwood Foundation is required to measure certain types of assets, contributed services, and current year pledged contributions at fair value. The specific techniques used to measure fair value for these financial statements elements are described in the notes below that relates to each element.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of real property is greater than or equal to five thousand dollars or the cost of equipment is greater than or equal to one thousand dollars and the useful life is greater than one year.

Donated Materials and Services

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

Functional Allocation of Expenses

Costs of providing Pepperwood Foundation's programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

PEPPERWOOD FOUNDATION

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Income Taxes

Pepperwood Foundation is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. In addition, Pepperwood Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by Pepperwood Foundation in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. Pepperwood Foundation's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Use of 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 reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncement

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now titled "without donor restrictions" and "with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed-in-service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for the periods prior to adoption. Pepperwood Foundation's financial statements for the year ended June 30, 2019 are presented in accordance with ASU 2016-14.

PEPPERWOOD FOUNDATION

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. 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 Pepperwood Foundation's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

3. Liquidity and Availability of Resources

Pepperwood Foundation regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Pepperwood Foundation has various sources of liquidity at its disposal, including cash and cash equivalents, investments and various receivables. For purposes of analyzing resources available to meet general expenditures over a 12-month period, Pepperwood Foundation considers all expenditures related to its ongoing activities of providing program related activities as well as the conduct of services undertaken to support those activities to be general expenditures. Pepperwood Foundation strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. The following table reflects Pepperwood Foundation's financial assets as of June 30, 2019, reduced by amounts that are not available to meet general expenditures within one year of the balance sheet date.

Investments	\$3,425,451
Cash and cash equivalents	974,054
Pledges receivable	242,467
Grant receivable	65,000
Accounts receivable	<u>3,985</u>
Total financial assets at year-end	<u>\$4,710,957</u>

Financial assets available to meet expenditures over the next 12 months.

Total financial assets	\$4,710,957
Less: With donor restrictions	<u>(648,909)</u>
Assets available to meet expenditures in the next 12 months	<u>\$4,062,048</u>

continued

PEPPERWOOD FOUNDATION

NOTES TO FINANCIAL STATEMENTS

4. Pledges Receivable

Pledges receivable are recorded as support when pledged. Additionally, all pledges are valued at their estimated fair value and are deemed fully collectible. Accordingly, no allowance for uncollectible pledges has been recorded as of June 30, 2019. A discount rate between 1.24% and 1.89% has been used to calculate the present value of pledges receivable. Total amount of pledges receivable at June 30, 2019, of \$242,467, is expected to be collected as follows:

<u>Year ending June 30,</u>	
2020	\$155,000
2021	<u>92,500</u>
	247,500
Less: unamortized discount on pledges receivables	<u>(5,033)</u>
	<u>\$242,467</u>

5. Investments

Investments at June 30, 2019 consist of the following:

Mutual funds	\$3,324,276
Money market	99,987
Equities	<u>1,188</u>
	<u>\$3,425,451</u>

6. Fair Value Measurements

The table below presents the balances of assets measured at fair value at June 30, 2019 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Vanguard total stock	\$3,324,276	\$ -	\$ -	\$3,324,276
Equities	<u>1,188</u>	<u> </u>	<u> </u>	<u>1,188</u>
	<u>\$3,325,464</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,325,464</u>

The fair value of mutual funds have been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

The table below present transactions measured at fair value on a non-recurring basis during the year ended June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Current year new pledges	\$ -	\$ -	\$250,000	\$250,000
Contributed services	<u> </u>	<u>119,244</u>	<u> </u>	<u>119,244</u>
	<u>\$ -</u>	<u>\$119,244</u>	<u>\$250,000</u>	<u>\$369,244</u>

continued

PEPPERWOOD FOUNDATION

NOTES TO FINANCIAL STATEMENTS

6. Fair Value Measurements, continued

The fair value of contributed services has been measured on a non-recurring basis using quoted prices for similar assets in inactive market (Level 2 inputs).

Pepperwood Foundation received donated services from individuals who support the mission of the organization. The established fair value of donated services received for the year ended June 30, 2019 amounted to \$119,244 and was based upon the number of hours contributed at appropriate volunteer rate and has been recorded as an in-kind contribution and expense. The volunteer rate is based on yearly earnings provided by the Bureau of Labor Statistics and increased by 12% to estimate for fringe benefits.

The fair value of current year new pledges is measured on a non-recurring basis by estimating future cash flows, based on pledge commitments and previous experience and discounting the carrying amount to present value (Level 3 inputs).

7. Property and Equipment

Property and equipment at June 30, 2019 consist of the following:

Land	\$ 9,697,744
Buildings and improvements	12,605,474
Furniture and equipment	404,352
Vehicles	<u>151,163</u>
	22,858,733
Less: accumulated depreciation	<u>(3,336,653)</u>
	<u>\$19,522,080</u>

Depreciation expense during the year ended June 30, 2019 was \$355,868.

The use of the preserve is restricted to education and research activities and low-impact recreation with the exception of two approximately twenty-five acre residential parcels which may be sold. In addition, the California Academy of Sciences was granted a perpetual easement to use the property as they have used it in the past in exchange for an annual payment of \$25,000.

8. Accrued Liabilities

Accrued liabilities at June 30, 2019 consist of the following:

Accrued vacation	\$ 56,775
Accrued payroll liability	<u>53,275</u>
	<u>\$110,050</u>

continued

PEPPERWOOD FOUNDATION

NOTES TO FINANCIAL STATEMENTS

9. Net Assets With Donor Restrictions

Net asset with donor restrictions as of June 30, 2019 consist of the following:

Support operations in future years	\$413,675
Program restrictions	<u>235,234</u>
	<u>\$648,909</u>

For the year ended June 30, 2019, net assets with donor restrictions released from restrictions were \$231,258, which consists of \$15,000 released for time restrictions and \$216,258 for purpose restrictions.

10. Employee Benefit Plan

All employees can participate in Pepperwood Foundation's 403(b) retirement plan, in accordance with the requirements of the plan, and may contribute toward this plan through pre-tax payroll withholding at any time from the date of employment. In accordance with the requirements of the plan, Pepperwood Foundation will contribute 3% of salary and match 50% of employee's contributions that are not in excess of 2% of their compensation on behalf of eligible employees after one full year of employment. Employer contributions under this plan for the year ended June 30, 2019 were \$37,479.

11. Related Party Transactions

A charitable lead annuity trust has been established with the Pepperwood Foundation Fund, a designated fund of Community Foundation Sonoma County, naming Pepperwood Foundation as a beneficiary. The trust requires annual distributions of approximately \$1.1 million to the fund for ten years beginning in 2010, combined. The intent of the donors of the trust is for \$500,000 to be distributed from the designated fund at Community Foundation Sonoma County to the Pepperwood Foundation each year and the remainder to be retained by the Community Foundation Sonoma County to create an endowment with Pepperwood Foundation as the beneficiary.

12. Subsequent Event

On October 27th, 2019 the Kincade Fire reached the preserve and burned nearly 60% of the land area. Pepperwood Foundation was fortunate to not sustain damage to our critical structures. There have been significant impacts to the land as CalFire utilized Pepperwood Foundation to prevent the fire from entering our neighboring communities. While we work to restore our lands impacted by dozers and heavy equipment, we continue to gather data through our Sentinel Site monitoring network and fill critical gaps in our collective understanding of wildfires and what we can do to make our community more resilient.

Management has evaluated subsequent events through January 8, 2020, the date which the financial statements were available for issue. No other events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.