

**MARIN SENIOR COORDINATING
COUNCIL INCORPORATED
(A California Nonprofit Public Benefit Corporation)**

FINANCIAL STATEMENTS

**For the Years Ended
June 30, 2012 and 2011**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Marin Senior Coordinating Council Incorporated
San Rafael, California

We have audited the accompanying statements of financial position of Marin Senior Coordinating Council Incorporated (a California nonprofit public benefit corporation), as of June 30, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide 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 Marin Senior Coordinating Council Incorporated as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Doran & Associates

February 27, 2013

MARIN SENIOR COORDINATING COUNCIL INCORPORATED
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FINANCIAL POSITION
June 30, 2012 and 2011

	2012	2011
ASSETS		
Current assets:		
Cash and cash equivalents (Note 1)	\$ 202,101	\$ 553,393
Accounts and grants receivable (Note 1)	373,429	366,531
Bequests receivable (Note 1)	16,000	112,367
Inventory (Note 1)	38,474	32,808
Prepaid expenses	26,208	5,445
Total current assets	656,212	1,070,544
Rental and other deposits	61,713	36,688
Investments (Note 2)	647,811	721,634
Property, equipment and improvements, net of accumulated depreciation of \$2,666,099 at 2012 and \$2,506,300 at 2011 (Notes 1 and 3)	908,094	1,053,463
Total assets	\$ 2,273,830	\$ 2,882,329
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 141,398	\$ 125,773
Fares payable (Note 4)	79,880	80,811
Accrued payroll expenses	166,912	119,851
Deferred revenue (Note 1)	6,869	250,000
Accrued vacation	124,297	137,639
Total current liabilities	519,356	714,074
Net assets:		
Unrestricted net assets	1,534,020	1,850,698
Temporarily restricted net assets (Note 5)	220,454	317,557
Total net assets	1,754,474	2,168,255
Total liabilities and net assets	\$ 2,273,830	\$ 2,882,329

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

MARIN SENIOR COORDINATING COUNCIL INCORPORATED
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF ACTIVITIES
For the year ended June 30, 2012

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Public support:			
Donations and bequests	\$ 155,851	\$ 20,000	\$ 175,851
Foundation grant	<u>105,000</u>	<u>135,400</u>	<u>240,400</u>
Total support	<u>260,851</u>	<u>155,400</u>	<u>416,251</u>
Revenue:			
Paratransit services	4,334,129	-	4,334,129
Transportation contracts	433,415	-	433,415
Special events	124,382	-	124,382
Food income	140,742	-	140,742
Investment income (Note 2)	37,234	-	37,234
Other	<u>217,583</u>	<u>-</u>	<u>217,583</u>
Total revenue	<u>5,287,485</u>	<u>-</u>	<u>5,287,485</u>
Net assets released from restrictions (Note 8)	<u>252,503</u>	<u>(252,503)</u>	<u>-</u>
Total support, revenue and transfers	<u>5,800,839</u>	<u>(97,103)</u>	<u>5,703,736</u>
EXPENSES			
Program services	4,893,791	-	4,893,791
Management and general	951,230	-	951,230
Fundraising	<u>272,496</u>	<u>-</u>	<u>272,496</u>
Total expenses	<u>6,117,517</u>	<u>-</u>	<u>6,117,517</u>
Change in net assets	(316,678)	(97,103)	(413,781)
Net assets, beginning of year	<u>1,850,698</u>	<u>317,557</u>	<u>2,168,255</u>
Net assets, end of year	<u>\$ 1,534,020</u>	<u>\$ 220,454</u>	<u>\$ 1,754,474</u>

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

MARIN SENIOR COORDINATING COUNCIL INCORPORATED
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF ACTIVITIES (CONTINUED)
For the year ended June 30, 2011

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Public support:			
Donations and bequests	\$ 171,025	\$ -	\$ 171,025
Foundation grant	<u>68,000</u>	<u>140,000</u>	<u>208,000</u>
Total support	<u>239,025</u>	<u>140,000</u>	<u>379,025</u>
Revenue:			
Paratransit services	4,085,428	-	4,085,428
Transportation contracts	412,832	-	412,832
Special events	88,471	-	88,471
Food income	84,469	-	84,469
Investment income (Note 2)	152,157	-	152,157
Other	<u>226,382</u>	<u>-</u>	<u>226,382</u>
Total revenue	<u>5,049,739</u>	<u>-</u>	<u>5,049,739</u>
Net assets released from restrictions (Note 8)	<u>829,766</u>	<u>(829,766)</u>	<u>-</u>
Total support, revenue and transfers	<u>6,118,530</u>	<u>(689,766)</u>	<u>5,428,764</u>
EXPENSES			
Program services	4,546,168	-	4,546,168
Management and general	867,512	-	867,512
Fundraising	<u>385,139</u>	<u>-</u>	<u>385,139</u>
Total expenses	<u>5,798,819</u>	<u>-</u>	<u>5,798,819</u>
Change in net assets	319,711	(689,766)	(370,055)
Net assets, beginning of year	<u>1,530,987</u>	<u>1,007,323</u>	<u>2,538,310</u>
Net assets, end of year	<u>\$ 1,850,698</u>	<u>\$ 317,557</u>	<u>\$ 2,168,255</u>

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

MARIN SENIOR COORDINATING COUNCIL INCORPORATED
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2012

	Program Services				Supporting Services		Total
	Nutrition Services	Paratransit Services	Transportation Services	Other Programs	Management and General	Fundraising	
Salaries	\$ 16,143	\$ 2,191,817	\$ 168,701	\$ 249,588	\$ 501,110	\$ 126,066	\$ 3,253,425
Payroll taxes	11,385	259,843	17,111	24,991	43,474	14,578	371,382
Employee benefits	1,482	385,463	32,476	30,547	86,562	16,965	553,495
Workers compensation	426	183,647	9,133	1,769	3,078	3,575	201,628
Food and kitchen supplies	89,492	-	-	510	-	-	90,002
Insurance	486	149,014	11,064	7,201	9,244	1,950	178,959
Gas and oil	-	3,098	59,130	-	315	-	62,543
Vehicle registration and maintenance	-	181,556	29,338	2,177	377	-	213,448
Sub-contracted vehicle expense	-	27,177	23,686	-	-	-	50,863
Supplies and equipment	3,259	14,839	1,630	1,276	26,271	1,548	48,823
Utilities	15,417	22,012	2,793	-	24,582	-	64,804
Repairs and maintenance	7,306	5,681	802	-	8,219	-	22,008
Telecommunications	-	25,303	4,776	1,155	21,602	-	52,836
Postage, printing and copying	222	7,474	24	3,912	9,572	27,632	48,836
Consultants	100,800	109,827	1,421	3,748	170,627	60,202	446,625
Staff expenses	2,746	35,646	4,561	14,486	6,427	743	64,609
Information technology	-	17,674	1,927	298	1,409	949	22,257
Taxes and licenses	1,337	4,102	487	200	5,238	-	11,364
Rent	-	139,538	10,503	-	-	-	150,041
Interest and bank fees	-	-	-	-	11,983	-	11,983
Miscellaneous	-	19,818	759	983	14,097	2,130	37,787
Depreciation expense	13,002	86,312	19,597	17,687	7,043	16,158	159,799
Total	\$ 263,503	\$ 3,869,841	\$ 399,919	\$ 360,528	\$ 951,230	\$ 272,496	\$ 6,117,517

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

MARIN SENIOR COORDINATING COUNCIL INCORPORATED
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
For the year ended June 30, 2011

	Program Services				Supporting Services		Total
	Paratransit Services	Transportation Services	Nutrition Services	Other Programs	Management and General	Fundraising	
Salaries	\$ 2,163,287	\$ 166,233	\$ 45,888	\$ 157,752	\$ 517,463	\$ 138,976	\$ 3,189,599
Payroll taxes	202,683	7,704	15,539	10,976	53,515	14,339	304,756
Employee benefits	374,061	34,624	5,047	31,235	56,278	16,424	517,669
Workers compensation	138,375	9,945	811	685	2,648	608	153,072
Food and kitchen supplies	-	-	66,448	131	-	34	66,613
Insurance	163,331	19,514	3,350	7,248	13,602	3,720	210,765
Gas and oil	34,986	24,708	-	-	58	-	59,752
Vehicle registration and maintenance	155,307	33,554	-	-	38	-	188,899
Taxi overflow	74,556	-	-	-	-	-	74,556
Supplies and equipment	17,480	3,140	9,183	1,889	23,937	2,498	58,127
Utilities	20,322	2,233	12,704	-	22,751	-	58,010
Repairs and maintenance	6,597	1,069	4,247	-	19,978	-	31,891
Telecommunications	25,989	5,996	-	-	22,035	-	54,020
Postage, printing and copying	6,593	1,611	106	934	10,777	81,430	101,451
Consultants	8,898	2,039	70,498	6,404	67,619	93,045	248,503
Staff expenses	26,517	4,460	1,357	187	4,044	2,381	38,946
Technology	18,097	2,423	-	-	1,715	2,849	25,084
Taxes and licenses	3,555	277	820	-	5,606	-	10,258
Rent	136,803	10,297	-	-	-	-	147,100
Interest and bank fees	1,382	-	-	-	16,166	23	17,571
Miscellaneous	21,143	17,145	-	630	25,230	1,408	65,556
Depreciation expense	96,502	10,098	26,321	12,244	4,052	27,404	176,621
Total	\$ 3,696,464	\$ 357,070	\$ 262,319	\$ 230,315	\$ 867,512	\$ 385,139	\$ 5,798,819

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

MARIN SENIOR COORDINATING COUNCIL INCORPORATED
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF CASH FLOWS
For the years ended June 30, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (413,781)	\$ (370,055)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	159,799	176,621
Realized loss on investments	-	10,875
Unrealized loss (gain) on investments	8,208	(139,678)
Loss on disposal of property, equipment and improvements	-	6,613
Changes in assets and liabilities:		
Accounts and grants receivable	(6,898)	277,241
Bequests receivable	96,367	579,633
Inventory	(5,666)	(2,973)
Prepaid expenses	(20,763)	38,316
Rental and other deposits	(25,025)	(8,582)
Accounts payable and accrued expenses	15,625	(72,025)
Fares payable	(931)	(57,359)
Accrued payroll expenses	47,061	8,886
Deferred revenue	(243,131)	250,000
Accrued vacation	(13,342)	(26,336)
Total adjustments	<u>11,304</u>	<u>1,041,232</u>
Net cash (used) provided by operating activities	<u>(402,477)</u>	<u>671,177</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, equipment, and improvements	(14,430)	(9,427)
Sale of investments	<u>65,615</u>	<u>68,403</u>
Net cash provided by investing activities	<u>51,185</u>	<u>58,976</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Line of credit	-	(370,000)
Note payable	<u>-</u>	<u>(31,309)</u>
Net cash used by financing activities	<u>-</u>	<u>(401,309)</u>
Net (decrease) increase in cash and cash equivalents	(351,292)	328,844
Cash and cash equivalents, beginning of year	<u>553,393</u>	<u>224,549</u>
Cash and cash equivalents, end of year	<u>\$ 202,101</u>	<u>\$ 553,393</u>
Supplementary information:		
Cash paid for interest	<u>\$ 2,787</u>	<u>\$ 7,509</u>

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

MARIN SENIOR COORDINATING COUNCIL INCORPORATED
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2012 and 2011

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Marin Senior Coordinating Council Incorporated was incorporated as a not-for-profit corporation in 1954 to promote the independence and well-being of senior citizens in Marin County, California. The Corporation provides a comprehensive, integrated program of services and activities to enhance their quality of life, and provides paratransit services for elderly and disabled persons. The Corporation receives a major portion of its revenue from transportation services, donations and bequests.

Basis of Presentation - Resources are classified for accounting and reporting purposes into three classes of net assets, according to externally imposed restrictions:

Unrestricted net assets - Net assets that are not subject to any donor-imposed restrictions.

Temporarily restricted net assets - Net assets resulting (a) from contributions and other inflows of assets whose use by the Corporation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Corporation pursuant to those stipulations, (b) from other asset enhancements and diminishment that are subject to the same kind of stipulations, and (c) from reclassification from (or to) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the Corporation pursuant to those stipulations.

Permanently restricted net assets - Net assets resulting (a) from contributions and other inflows of assets whose use by the Corporation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Corporation, (b) from other asset enhancements and diminishment that are subject to the same kinds of stipulations, and (c) from reclassification from (or to) other classes of net assets as a consequence of donor-imposed stipulations.

There were no permanently restricted net assets as of June 30, 2012 and 2011.

Method of Accounting - The financial statements of the Corporation are prepared using the accrual basis of accounting, which reflects revenue when earned and expenses as incurred.

Cash and Cash Equivalents - Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of the acquisition date.

Accounts, Grants and Bequests Receivable - It is the practice of the Corporation to expense uncollectibles only after exhausting all efforts to collect the amounts due. There is no allowance for doubtful accounts and management believes all amounts will be collected in full.

MARIN SENIOR COORDINATING COUNCIL INCORPORATED
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2012 and 2011

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions - Contributions are recognized when the donor makes a promise to give to the Corporation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Property, Equipment, and Improvements - The Corporation records property, equipment, and improvements at cost of acquisition, or, if donated, the fair market value at the date of donation. Depreciation is recognized using the straight-line method over the useful lives of the assets, which range from 3 to 40 years. The Corporation capitalizes all property and equipment with a cost in excess of \$1,000.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes - The Corporation is exempt from federal and state taxes under Section 501(c)(3) of the Internal Revenue Service Code and Section 23701d of the California Revenue and Taxation Code, and is considered by the IRS to be an organization other than a private foundation.

Inventory - Inventory consists of raw food and vehicle parts. The items are recorded on a first-in, first-out basis and are valued at the lower of cost or market value.

Deferred Revenue- The Corporation has a fee-for-service agreement that allows the Corporation to receive advances on future reimbursable services. As of June 30, 2012 and 2011, the Corporation received \$6,869 and \$250,000, respectively, for future reimbursable services.

Services of Volunteers - Many individuals volunteer their time and perform a variety of tasks that assist the Corporation with specific assistance programs, campaign solicitations, and various committee assignments. Since such services generally do not meet the requirements for recognition as contributed services they are not recorded.

Subsequent Events - Subsequent events have been evaluated through February 27, 2013, which is the date the financial statements were available to be issued.

MARIN SENIOR COORDINATING COUNCIL INCORPORATED
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2012 and 2011

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASC 740-10, Accounting for Uncertainty in Income Taxes - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Corporation to report information regarding its exposure to various tax positions taken by the Corporation. The Corporation has determined whether any tax positions have met the recognition threshold and have measured the Corporation's exposure to those tax positions. Management believes that the Corporation has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Corporation are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

NOTE 2 INVESTMENTS

The following are the major categories of investments measured at fair value on a recurring basis during the years ended June 30, 2012 and 2011, using quoted prices in active markets for identified assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

<u>June 30, 2012:</u> <u>Description</u>	Fair Value Measurements Using			<u>Total</u>
	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Equities	\$ 290,628	\$ -	\$ -	\$ 290,628
Fixed income	<u>357,183</u>	<u>-</u>	<u>-</u>	<u>357,183</u>
	<u>\$ 647,811</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 647,811</u>
<u>June 30, 2011:</u> <u>Description</u>	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	<u>Total</u>
Equities	\$ 460,928	\$ -	\$ -	\$ 460,928
Fixed income	<u>260,706</u>	<u>-</u>	<u>-</u>	<u>260,706</u>
	<u>\$ 721,634</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 721,634</u>

The following summarizes the investment income, including amounts earned on interest-bearing cash accounts, for the years ended June 30, 2012 and 2011:

	2012	2011
Interest and dividend income, including interest earned on interest-bearing accounts	\$ 45,442	\$ 23,354
Unrealized (loss) gain on investments	(8,208)	139,678
Realized (loss) gain on investments	<u>-</u>	<u>(10,875)</u>
	<u>\$ 37,234</u>	<u>\$ 152,157</u>

MARIN SENIOR COORDINATING COUNCIL INCORPORATED
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2012 and 2011

NOTE 3 PROPERTY, EQUIPMENT, AND IMPROVEMENTS

Property, equipment, and improvements consisted of the following at June 30, 2012 and 2011:

<u>Property, equipment, and improvements, at cost</u>	<u>Land</u>	<u>Building and Leasehold Improvements</u>	<u>Furniture Vehicles, and Equipment</u>	<u>Total</u>
Balance, June 30, 2010	\$ 365,482	\$ 1,917,659	\$ 2,701,016	\$ 4,984,157
Additions	-	6,004	3,423	9,427
Disposals	-	-	(1,433,821)	(1,433,821)
Balance, June 30, 2011	365,482	1,923,663	1,270,618	3,559,763
Additions	-	2,750	11,680	14,430
Balance, June 30, 2012	<u>365,482</u>	<u>1,926,413</u>	<u>1,282,298</u>	<u>3,574,193</u>
<u>Accumulated depreciation</u>				
Balance, June 30, 2010	-	1,379,521	2,377,366	3,756,887
Depreciation expense	-	74,984	101,637	176,621
Disposals	-	-	(1,427,208)	(1,427,208)
Balance, June 30, 2011	-	1,454,505	1,051,795	2,506,300
Depreciation expense	-	69,852	89,947	159,799
Balance, June 30, 2012	<u>-</u>	<u>1,524,357</u>	<u>1,141,742</u>	<u>2,666,099</u>
Property, equipment, and improvements, net	<u>\$ 365,482</u>	<u>\$ 402,056</u>	<u>\$ 140,556</u>	<u>\$ 908,094</u>

In addition to the vehicles shown above, the Corporation utilizes vehicles owned by the Marin County Transit District to provide transit services.

NOTE 4 FARES PAYABLE

Fares collected by the Corporation are required to be remitted to the Marin County Transit District. At June 30, 2012 and 2011, there was a balance due to the Marin County Transit District of \$79,880 and \$80,811, respectively.

MARIN SENIOR COORDINATING COUNCIL INCORPORATED
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2012 and 2011

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent donations, grants, and gifts to the Corporation, which have been restricted by time and/or purpose and consisted of the following at June 30, 2012 and 2011:

	2012	2011
Vehicles	\$ 65,054	\$ 65,190
Nutrition	-	46,667
Multicultural	-	46,667
Programs	-	46,666
Transportation	15,400	-
Time-restricted	110,000	112,367
Promote volunteerism, Marin Community Foundation	10,000	-
Purpose to be determined by donor	15,000	-
Jackson's Café	5,000	-
	\$ 220,454	\$ 317,557

NOTE 6 LINES OF CREDIT

The Corporation maintains a line of credit with Bank of Marin with a maximum borrowing of \$400,000. The line of credit is secured by investments owned by the Corporation and requires interest-only monthly payments, with a principal due at maturity on May 5, 2013. Amounts drawn on the loan bear interest at the bank's Prime Rate, which was 3.25% in 2012 and 2011. As of June 30, 2012, no amount had been drawn on this line of credit.

NOTE 7 NOTE PAYABLE

Subsequent to June 30, 2012, the Corporation entered into a capital lease agreement for telephone equipment. The lease requires 60 monthly payments of \$816 plus tax, and has a \$1 purchase option at maturity. The equipment is scheduled to be installed in February 2013.

Minimum future obligations under this capital lease are:

Year ending	
<u>June 30,</u>	
2013	\$ 6,526
2014	9,789
2015	9,789
2016	9,789
2017	9,789
Thereafter	3,263
	\$ 48,945

MARIN SENIOR COORDINATING COUNCIL INCORPORATED
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2012 and 2011

NOTE 8 TEMPORARILY RESTRICTED NET ASSETS RELEASED FROM RESTRICTIONS

The Corporation fulfilled the time and/or purpose restrictions of the following temporarily restricted items and they were released to unrestricted net assets at June 30, 2012 and 2011:

	2012	2011
Vehicles	\$ 136	\$ -
Transportation	-	16,201
Multicultural	46,667	96,432
Nutrition	46,667	77,916
Programs	46,666	59,584
Time-restricted	112,367	579,633
	\$ 252,503	\$ 829,766

NOTE 9 OPERATING LEASES AND LONG-TERM CONTRACTS

The Corporation has entered into several operating leases and long-term contracts as follows:

- In July 2005, the Corporation entered into a lease to rent property at 15 Jordan Street, San Rafael. The term of the lease is from July 1, 2005 through June 30, 2014. The rent is \$12,503 per month (\$12,258 for 2011), subject to annual adjustment based on changes in the consumer price index. For periods after June 30, 2012, monthly rent will be \$10,884. Total rent expense under this lease for the years ended June 30, 2012 and 2011, was \$150,041 and \$147,099, respectively.
- In August 2006, the Corporation entered into a lease to rent telephone equipment. On July 12, 2011, the lease was modified to extend the maturity to July 15, 2012, and month-to-month thereafter, and the monthly payments to \$469. For the years ended June 30, 2012 and 2011, the Corporation paid \$9,981 and \$10,299, respectively, under this lease.
- In March 2008, the Corporation entered into a lease for a photocopier. The lease is for 60 months and requires monthly payments of \$452. For the years ended June 30, 2012 and 2011, the Corporation paid \$7,251 and \$10,526, respectively, under this lease.
- In February 2009, the Corporation entered into a lease for a postage meter. The lease is for 63 months and requires quarterly payments of \$265. For the years ended June 30, 2012 and 2011, the Corporation paid \$1,256 and \$996, respectively, under this lease.
- In June 2010, the Organization entered into a lease agreement for equipment. The lease is for 60 months and requires monthly payments of \$110. For the years ended June 30, 2012 and 2011, the Corporation paid \$1,316 and \$1,595, respectively, under this lease.
- The Corporation has entered into a long-term contract for elevator maintenance. The contract matures February 2014, and required quarterly payments of \$584, which were reduced during the year ended June 30, 2010 to quarterly payments of \$225. For the years ended June 30, 2012 and 2011, the Corporation paid \$996 and \$955, respectively, under this contract.

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NOTE 9 OPERATING LEASES AND LONG-TERM CONTRACTS (Continued)

- During the year ended June 30, 2012, the Corporation entered into two vehicles leases maturing January 2014. The leases require monthly payments of \$719 and \$718, respectively. For the year ended June 30, 2012, the Corporation paid \$10,592 under these leases.

Minimum future obligations under these operating leases and long-term contracts are:

<u>Year ending June 30,</u>	<u>Jordan Street</u>	<u>Vehicles</u>	<u>Copiers and Other Equipment</u>	<u>Total</u>
2013	\$ 130,608	\$ 17,238	\$ 9,464	\$ 157,310
2014	130,608	10,055	5,171	145,834
2015	-	-	1,316	1,316
	<u>\$ 261,216</u>	<u>\$ 27,293</u>	<u>\$ 15,951</u>	<u>\$ 304,460</u>

NOTE 10 RELATED PARTY TRANSACTIONS

During the year ended June 30, 2012, the Corporation engaged the services of a member of the Board of Directors for consulting related to the Transportation program. This transaction was approved by a majority vote of the dis-interested Board members. For the year ended June 30, 2012, \$108,421 was paid in fees/commissions under this engagement, and at June 30, 2012, \$829 was accrued under the agreement.

NOTE 11 TAX-SHELTERED ANNUITY PLAN

The Corporation sponsors a tax-sheltered annuity plan in accordance with Internal Revenue Code Section 403(b). Employees may participate and are allowed to direct a portion of their compensation into a tax-deferred account after 90 days of employment. The Corporation also contributes up to 3% of eligible participants' compensation to the employees' account after one year of service. Employer contributions made for the years ended June 30, 2012 and 2011 totaled \$54,859 and \$37,963, respectively.

NOTE 12 CONCENTRATIONS

The Corporation has provided services to the Marin County Transit District (MCTD) for more than 20 years and earned gross revenue of approximately \$4,626,253 in the year ended June 30, 2012, which comprises approximately 81% of the Corporation's total gross revenue for the year (78% for 2011).

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NOTE 13 IMPACT OF PROPOSED SMART STATION SITE

Whistlestop owns the property, 930 Tamalpais Avenue, San Rafael, which houses the organization's Active Aging Center. The planned location of the Sonoma Marin Area Rail Train (SMART) downtown San Rafael station is adjacent to the east side of the property. SMART is scheduled to begin construction in late 2014. During the past three years, Whistlestop management has been working with the SMART staff and the City of San Rafael to determine the SMART downtown station location's impact on Whistlestop's property.

In addressing the planned SMART downtown station location, Whistlestop has embarked on a redevelopment plan for its existing property and site. The redevelopment plan proposes a re-build to include the addition of 50 senior affordable housing units combined with a new state of the art Active Aging center. The organization will be partnering with a notable nonprofit housing organization to develop, construct and manage the housing component of the project.

As of the report date, no financial impact of these events can be determined, and no amounts have been recorded in these financial statements.

NOTE 14 CONTINGENCIES AND COMMITMENTS

The Corporation relies on a significant amount of funding received in the form of donations and grants from individuals and foundations as well as investment income to support its operations. The current global financial markets and discussions of a U.S. economic downturn may have an impact on the level of funding provided by these funding sources and the market value of marketable equity securities held by the Corporation. While it is impracticable to determine the impact of these events, management is taking steps to address potential changes in funding levels and reduce the Corporation's exposure to impact from these events.

NOTE 15 SUBSEQUENT EVENTS

- Subsequent to June 30, 2012, the Corporation entered into a capital lease agreement for telephone equipment. The lease requires 60 monthly payments of \$816 plus tax, and has a \$1 purchase option at maturity. The equipment is scheduled to be installed in February 2013 (see Note 7).
- The Corporation has entered into a contract with the County of Marin to deliver pre-packaged meals that have been prepared by another organization to elderly homebound residents of the County under the Meals on Wheels program. The contract anticipates delivery of 71,000 meals over a one-year period beginning July 1, 2012.